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NEWS SUMMARY

GENERAL
Tank armour to beat missiles
Britain has developed a new tank armour to combat the latest developments in anti-tank weapons. It could change Europe's ground force balance of power.

Offering more protection than conventional armour, it is lighter so that speed and manoeuvrability are not sacrificed. First army in the world to have it will be the Irish. Chobham armour, named after the military engineering establishment which developed it, will be fitted to the 1,200 Chieftain tanks ordered by the Shah.

The technology has already been given to the Americans and the Germans for use in tanks of the 1980s—but British forces will have to wait for it because it would be too costly to fit to existing Chieftains.

Doctor neglected his son
Lack of love made Adrian Timmins, 3, develop the features of a dwarf. A Newport, Isle of Wight, court was told yesterday. His father, Dr. David Timmins, 29, was fined £100 with £100 costs after pleading guilty to wilfully neglecting his son. Housekeeper Mrs. Janice Taylor, 25, was also fined for ill-treating the boy.

Lesley 'could have been saved'
A pathologist told the Lesley Whitte murder trial in Oxford yesterday that the teenage heiress could have been revived after she plunged from a drain age shaft, ledge with a wire round her neck. It was an attempt to save her, said David Bellhouse, 39, accused of her murder.

Bus shootings
Two men were shot dead on a bus near the centre of Belfast yesterday afternoon. Bombers swooped into two pubs in the city but no one was injured, so there were no casualties.

Airline fined
Air India was fined £10,500 by the magistrate following the death of a cargo of more than 2,000 birds. British Airways and RSPCA officials at Heathrow yesterday found 2,000 dead birds aboard a flight from Calcutta.

Overbooked
Some Greek island hoteliers have taken far more bookings than they can possibly handle, according to tour operators, who say holidaymakers could be faced with similar overbooking problems as in Spain last year.

England 197-8
Andy Roberts (5-40) led West Indies pacemen in cutting down England's batsmen (197-8) on a plumb Lords wicket on the first day of the second Test. Trevor Bailey, Page 2.

People and Places
The Australian Labor Party has deposited its senior national vice-president, Jack Egerton, for accepting a knighthood.

CHIEF PRICE CHANGES YESTERDAY
(Prices in pence unless otherwise indicated)

AAH	240.75	8
Assoc. Fisheries	27	3
Chickadee	104	4
Cockadee	22	3
Highgate & Job	56	5
Int. Paint	360	20
Pork Farms	134	4
Weyburn Eng.	318	4
Woodside-Burnham	56	12
Toldy	55	5

FALLS

Treasury 12% 1980	285.5	1
Anglo Transatlantic Inds.	110	13
Assoc. Biscuits	78	4
Barclays Bank	275	7
Barlow Rand	125	11
Bovater	109	5
Chubb	110	4
Dawes (S.R.)	71	5

RISERS

Gardner (L.)	121	8
Hawker Siddley	430	10
Hay's Wharf	60	4
ICI	380	4
Lankro	126	16
Membr & Garton	125	6
OK Bazaars	465	58
Ozall	101	3
Pilkington	336	4
Reed Int'l	250	7
Standard Char.	383	26
Tube-Ins.	326	6
Shell Transport	442	4
Stevens (U.K.)	160	10
Bolswana	53	7
Free State Gold	113	1
Harbortest	114	1
President Brand	112	1
St. Helens	114	1
Vaal Reefs	115	1
Wit. Nigel	27	8

South Africa faces political crisis over rioting

BY ALAIN CASS and STEWART DALEY

JOHANNESBURG, June 17. South Africa is facing its gravest political crisis since the 1960 Sharpeville shootings as rioting and looting continued in Soweto, black sister city of Johannesburg, and showed signs of spreading.

Latest reports on the riots say that the death toll from two days of clashes is more than 50, most of them black. The injured total is about 250.

In Cape Town, senior sources in the ruling Afrikaner Nationalist Party said a storm was brewing in the Cabinet where the situation was described as a "political disaster". Some Ministers felt that the crisis, sparked by black opposition to the teaching of Afrikaans in black schools, should have been foreseen.

Thousands of black workers stayed away from work today whether in sympathy or out of fear of reprisals is not clear—and others went home early. Many companies around Johannesburg were making emergency production plans in case violence did not stop and workers went on strike.

Soweto was sealed off by road blocks as at least 1,200 black and white security forces using tear gas, automatic rifles and dogs, fought to quell mobs who were burning houses, cars and official buildings. Helicopters were sent in to drop tear gas on rioters.

Reports from Tembisa, another black township close to Johannesburg, said a march by 2,000 schoolchildren was dispersed by police in Kilmington, a coloured (half-caste) area.

In Johannesburg, police baton-charged groups of blacks shouting "We are the people" and "We are the people".

Column of black smoke rose over the township and late to-night army units in armoured cars were on standby—but there was no sign that they were being sent in.

The clashes now have escalated beyond the point of being a demonstration against Government policy and have become a racially charged campaign against whites. A crucial factor which may determine the length of time it will take for the riots to subside, according to residents reached by phone, is the fact that dozens of liquor stores have been looted by drunken

upon the Government by pressure from the Opposition and industry.

Explaining the Government's intentions, Mr. Sheldon said Ministers were having consultations with all sides of industry to see the proposal at present in the Bill so far as they concerned the car industry.

These consultations were being undertaken in the light of widespread representations on the consequences for the industry if the proposed tax were operated in its present form.

Mr. Sheldon said that while the Government was concerned to provide a simpler and more realistic basis for taxing company cars, Ministers were also anxious to ensure that the impact of the proposed system of levies would not damage the motor industry.

MPs regarded this as an indication that while the structure of the tax as proposed in the Bill would remain intact, the scales would be open to negotiation with the possibility of a concessionary reduction of their impact.

It is believed in Whitehall that the consultations will take at least a fortnight, before the Government is ready to come forward with revised proposals.

By that time, the Committee Stage of the Bill should be nearing completion and the issue might have to be decided on the report stage when the Bill once again comes to be debated with on the floor of the Commons.

Mr. John Nott, leading spokesman for the Opposition in the Committee, described the changes outlined by Mr. Sheldon, along with others already announced at various stages, as more radical than any concessions made at this point in the progress of a Finance Bill during the last 15 years at least.

Cabinet leak inquiry ordered

BY PHILIP RAWSTORNE

MR. JAMES Callaghan yesterday ordered an urgent inquiry into the leak of highly confidential Cabinet papers on the Government's controversial decision to shelve the child benefit scheme.

With Ministers and senior civil servants under suspicion, Sir Douglas Allen, head of the Home Civil Service, was assigned to investigate the publication of extracts from the documents in a weekly magazine, New Society.

The Prime Minister appealed in the Commons for the culprit to own up. "That would be the honourable thing to do," he said. But in a statement he said that he did not rule out the possibility of further inquiries by the police.

Mr. Callaghan told MPs: "It is clear that the author of the article had either direct or indirect access to Cabinet minutes and Cabinet papers, some extracts from which were accurately quoted in the article."

"This is a very grave matter for on the face of it, it could only have been brought about by theft or by a betrayal of trust involving a breach of an undertaking, voluntarily entered into by someone with access to the documents."

"There are stringent rules governing the circulation of Cabinet memoranda and minutes and the persons to whom they may be shown. These rules have been broken."

The Child Benefit Scheme, to which the Government was committed in its general election manifesto, is a sensitive issue.

The Cabinet's decision to defer its introduction sparked an angry row within the Labour party in which Mrs. Barbara Castle, the former Social Services Secretary, has been leading back-bench opposition to the Government.

But Mr. Callaghan said: "I want to emphasise that if there are to be good relations between members of a Government, there must be absolute confidence that papers and discussions that take place, must be kept within the circle to whom they are given."

Director of the Child Poverty Action Group, Mr. Frank Field, last night said he was the author of the article in New Society. He refused to say how he obtained the information, but said his source realised the consequences.

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Talks on an extra £100m. for Leyland

BY ADRIAN HAMILTON

THE Department of Industry and the Treasury are in intensive talks with the National Enterprise Board and British Leyland over the future pace and direction of Leyland's long-term investment plans.

The talks are concerned immediately with the sanctioning of a further £100m. investment tranche for Leyland and are still at a "discussion" rather than a decision stage.

While all the parties are reluctant to comment, however, it is clear that the Government is using the discussions to reassess much broader directions of Leyland's plans, including its hopes to introduce a new Mini later in the decade, its programme for a major expansion of Land Rover production and the possibility of outside funding for some projects.

But there is no doubt that Ministers and departmental officials are deeply concerned at Leyland's failure to meet its productivity targets, and are becoming doubtful of its ability to compete in the European mass production car market.

Leyland's own figures are believed to show that its car investments, as opposed to its bus and truck plans, will bring little return. A particular worry is the plan for the introduction of the new Mini, which is not due until 1979/80.

In view of both Ford's and Chrysler's plans to introduce similar models two years earlier in 1977, and the competition from foreign car manufacturers, officials are worried that Leyland will not be able to make sufficient market impact with its new Mini. Even the most efficient manufacturers, with a larger volume than Leyland, expect to make little profit in this sector of the market.

A decision to cancel or delay the plans, on the other hand, could result in substantial unemployment and cutbacks at the Longbridge plant in which the new Mini is scheduled to be built.

At the heavier end, the Government, with some support from the National Enterprise Board, is anxious that Leyland should bring forward plans for new plant in central and east England to produce the Land Rover.

A new model of the Land Rover, which is in short supply, is planned for early in the next decade, but the Government would like the company to bring plans forward and increase production of the present range as early as possible, although Leyland argues that its future demand projections do not warrant this.

It is also asking for a reappraisal of Leyland's major bus and truck investment plans to see whether potential bottlenecks could appear in this area as well.

Another element which has been added to the discussions is the current public expenditure review and the worries that the enterprise board is so fully committed with present plans

To-morrow the Financial Times Saturday magazine pages have an American accent, in celebration of bi-centennial year. Eggon Romay looks at eating U.S.-style, and decides that American cuisine is not as bad as Americans themselves sometimes think.

Lucia van der Post has been shopping in New York. Arthur Heller finds that the English country garden would be a less colourful place without American plants and Ben Wright reports on the big event of the American golf year—the U.S. Open. Andrew Porter writes about American opera. The American property market. U.S. appetites for British antiques and the world's rush to bring out bi-centennial stamps are all discussed.

American accent

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LOMBARD

The strains begin to tell again

BY C. GORDON TETHER

THE RESERVES portion of the international liquidity supply has more than doubled in money terms since the opening of the 1970s. And it shows a very much bigger jump still when the gold portion is written up to take account of the recent IMF decision to allow such holdings to be valued at free market prices. Even when account is taken of the fall in the purchasing power of money over the same period, the upward movement is vast when compared with the biggest movements recorded in the past.

So it might have been thought that there would now be more than enough to round—certainly sufficient to ensure that the demands being made on the facilities for supplementing existing stocks would be running below—rather than above—the levels we have been used to in the past. In fact, examination of the relevant statistics shows that it is very much the other way round.

Three times
To begin with, the IMF's latest monthly review of the operational part of its work shows that, over the first five months of this year, drawings by member countries experiencing shortages of reserves were running at an annual rate of some \$281.1bn. This is something like three times the 1975 rate and it means that the previous highest figures for the full calendar year are already being left well behind.

Moreover, because repayments of earlier borrowings have been reduced, no comparable upswing in total IMF net drawings outstanding have clung to the impressive level of \$281.1bn—well over double the level of a year earlier and far beyond anything recorded during the previous 30 or so years of the Fund's history.

A similar story is told by the quarterly statistics relating to borrowing in the international capital markets compiled by the World Bank. They show that, in the first three months of this year, money was being raised in this sector at an annual rate of \$86.6bn. This represents an increase of more than half on the quarterly average for the preceding year and is—once again—easily a record.

An examination of the breakdown of the traffic flowing under these two headings reveals that a major factor in the IMF's experience has been the fast-increasing calls for assistance from primary producing countries. They were mostly precipitated by a decline in world commodity

prices which was such a striking feature of the international scene until monetary turbulence and signs that global recovery was at last getting under way brought a change of trend over much of the field a few months ago.

The upsurge in the offtake of money from the international capital markets—on the other hand, can be set down largely to increased borrowing by industrial countries and—though to a much smaller extent—by international organisations.

With oil money continuing to flow in on a considerable scale, the international capital market seems to have had little difficulty in coping with the heavier demand for their facilities. But, in the case of the IMF, the steep rise in drawings has heavily depleted holdings of the more sought after currencies. Indeed, it has been indicated that the situation is becoming so strained that the fund is contemplating replenishing its stocks of them by selling gold to the countries concerned.

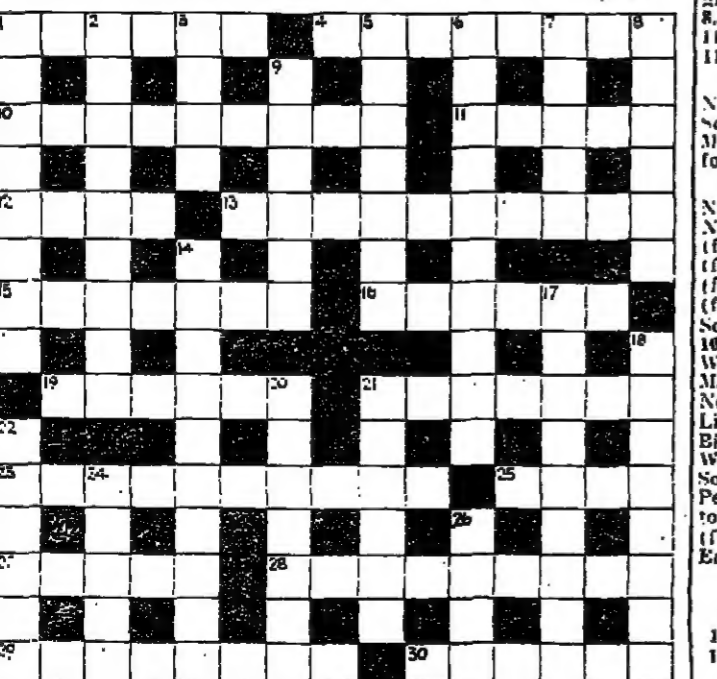
Why, it may well be asked, is there so much enthusiasm for obtaining supplementary reserves at the end of a period during which the total quantity of money held in national reserves has recorded such phenomenal growth?

Part of the answer clearly lies in the fact that so much of the benefit of that expansion has accrued to countries that were already more or less amply provided for. It is a sobering fact that around a half of the reserves' portion of the stock of international liquidity is now in the ownership of just seven countries.

For the rest, however, the rush for additional liquidity can be seen as a manifestation of the tendency for the strains imposed on some countries by the oil deficit to assume a more serious order for one or two main capital markets. One is that their own reserves of trade have deteriorated. The other is that they have now used up a substantial part of the reserves they possessed at the start.

Whatever the reasons for this, the turn in the payments situation, its global implications will have to be carefully examined. The fact that there is such a superabundance of reserves can clearly no longer be taken to mean that there is no reserves shortage. And we will, therefore, have to think in terms of either redistributing the existing stock or reinforcing it on a discriminatory basis.

F.T. CROSSWORD PUZZLE No. 3,108



- ACROSS**
- Money youth leader finds loud and vulgar (8)
 - Take out what is not material (8)
 - Entrancing description of occupant that may be late (4, 5)
 - A long time to discover poet's name (3)
 - No slouch but won't run (14)
 - Unofficial stock market equipping children for the beach (8, 4)
 - Smart individual gives two points to cheat (7)
 - It's a question of bringin' up old fruit (16)
 - Archbishop always seen in thin top coat (8)
 - Ministerial gathering brought to book (7)
 - Unionist preparing for a fight (5, 5)
 - Look after the ad (4)
 - Bounder oozed by watery animal (5)
 - Bring in worker who is wealthy (9)
 - Fought to be made redundant (8)
 - Ruin can seize bird (6)
- DOWN**
- Pope with charming features apparently (8)
 - It is cream that's clotted during cease-fire (8)
 - Month for meeting plan (4)
 - Wave to a destroyer (7)
 - Dramatic act hit Lear another way (10)
 - Disconcert sailor with a call for silence (5)
 - Yillage politician (6)
 - Great Swedish capital with an instrument (6)
 - A door knocker has to be landed with punishment (4, 3)
 - Troublesome position of prisoner on way to guillotine (2, 3, 4)
 - Rich willing west-country town (8)
 - Pitch some genuine sights (they say) (7)
 - Thick healthy moves (6)
 - Make figure stand out for first person upset by head (6)
 - He teaches how to cook trout (5)
 - Music from a vegetarian opera (4)
- ALTERNATIVE PAID**
1. Money youth leader finds loud and vulgar (8)
2. Take out what is not material (8)
3. Entrancing description of occupant that may be late (4, 5)
4. A long time to discover poet's name (3)
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26. Make figure stand out for first person upset by head (6)
27. He teaches how to cook trout (5)
28. Music from a vegetarian opera (4)

RACING

Improved Bruni looks set to win

BY DOMINIC WIGAN

FEW will look beyond that greatly improved four-year-old Bruni in today's Hardwicke Stakes on this final afternoon of the Royal meeting and it will come as a major shock if the Findon grey is beaten.

Bruni, who stamped himself as one of the best middle distance performers in Europe last season when leading the St. Leger with consummate ease, has made one appearance this term. Five weeks ago he could not have been more impressive when toyed with some smart opponents including Mr. Bismore and Sea Anchor in the 11-mile Yorkshire Cup.

Bruni, sure to be all the better for that outing, will not be inconvenienced by this return to 11 miles and it is hard to visualise his fainting. That one lost owner, Orange Bay, who has held his own in high class company since coming from Italy in the middle of last summer, is preferred to Yankee Gold for the forecast.

Lester Pigott, who rides

Bruni, could be on the mark in the day's most valuable event, the King's Stand Stakes, which this year carries £20,000 in added prize money. His mount is Mick O'Toole's Irish challenger Faltari, an easy winner of the

ROYAL ASCOT
2.30—Sunny Spring
3.05—Bruni
3.45—Ribrumbe
4.20—Faltari
4.55—Free State
5.30—Coed Cochian

Norfolk Stakes at this meeting for that year. Although he is 2 lb worse off with that winner, I feel that the well-drawn Faltari will have come on sufficiently since Sandown to turn the tables on this, a course which suits him ideally.

I have seldom seen a more emphatically gained victory than that of Free State in the Escher Cup at Sandown six weeks ago. It seems folly to look beyond Peter Walwyn's rapidly improving Holfoot colt in the Britannia Stakes despite the presence of several other highly rated three-year-olds.

Luca Cumani, whose 5-2 favourite Three Legs never looked like getting in a blow at the leaders yesterday in the Cook and Grevy Stakes, could well have a change of fortune through the once-raced Sunny Spring, who goes for the Windsor Castle Stakes and the bottom weight Ribrumbe, among put up a fine display in the Temple Stakes at Sandown 18 Stakes.

SALEROOM

BY ANTONY THORNCROFT

Coin prices exceed forecasts

TO-DAY SHOULD bring some excitement to a quiet week in the London salerooms when Christie's auctioning the Bridgewater Piece, a painting of Dutch fishing boats in a gale by Turner, which could beat the existing auction record of £250,000 for a picture by a British artist. Also for sale are works by Reynolds, Gainsborough and Constable.

The feature of yesterday was the high prices at a Sotheby's coin sale. On offer were coins from the Low Countries, collected by the Prince de Ligne. Many of the items had never appeared at auction and had been conservatively estimated.

For example, three coins minted in Louvain in 1459 carried a forecast of £120 but were bought by a Brussels dealer for £220, plus the 10 per cent premium. A Cavalier d'or from the United Provinces, dated 1607, almost quadrupled expectations at £1,500. An Amsterdam dealer, while Bank Leu of Zurich paid £1,700, estimate £200, for a 1489 Brabant coin. The auction, which ends today, has brought in £67,748.

Sotheby's held three other auctions yesterday. A sale of Old Dutch drawings produced £31,808, with Classical Funerals Provisional at Night, by Jacques-Louis Clericius, quick above

target for £2,400, four drawings attributed to Francois Antoine Vasse of the French Huguenot Foudroyant, in 1723, made the same price.

As usual, a jewel auction produced the highest prices of the day: £15,500 for an emerald and diamond brooch made about 1830, and £13,500 for an unmounted marquise diamond weighing 4.18 carats. The sale totalled £118,350 with only 1 per cent unsold.

At its Belgrave saleroom Sotheby's disposed of silver and objects of vertu for £55,359, with about 4 per cent bought in. A parcel-gilt dressing table set by Robert Henrich III was within forecast at £1,600, and 12 cups and saucers, the majority the work of the Angells, fetched £1,150.

Christie's furniture sale realised £32,378. An early 18th-century Flemish painted cupboard was sold for £2,900, about five times its forecast, and a Belgian private buyer gave £1,900 for a late 18th-century Dutch burr-walnut armoire. Vintage port, sherry, madeira and Cognac made £42,773, with prices confirming the soundness of the port market, helped by new American interest.

Stanley Gibbons took in postal history and antique maps. A letter bearing the official seal of the 13th Dalai Lama, comfortably £15,000, was sold by the auctioneer. Among maps "The County and

Citie of Lyncolne," published in 1676, made £115.

In Cheltenham, at an auction handled by Mallams, a Tabriz silk prayer rug, made about 1900, was bought by a London dealer for £10,800. He gave £6,000 for a Turkish silk rug of about the same period. Both came from the same source and made the point that London does not have all the expensive items.

At Bonhams, a picture sale brought in £17,677, with a highest price of £850, more than three times the forecast, for an oil of Europa and the Bull, by a follower of Poussin; furniture contributed £13,700, Moore paid £1,550, twice the forecast, for a mid-19th-century Victorian oak serving cabinet.

£570,000 aid to repair historic houses

GRANTS TOTALLING £570,000 to help repair historic houses of architectural or historical interest were announced yesterday by the Department of the Environment. They were recommended by the Historic Buildings Council, which also awarded a similar aid in created by £235,465.

Another 99 grants totalling £408,358 for outstanding conservation areas, and 134 totalling £15,000 to help local town schemes were also made.

THE Usher-Winners: "Portrait of James," 12.19 a.m. The Red Baron.

HTV

1.20 a.m. Report West Headlines. 1.25 a.m. Wales. 1.30 a.m. Wales. 1.35 a.m. Wales. 1.40 a.m. Wales. 1.45 a.m. Wales. 1.50 a.m. Wales. 1.55 a.m. Wales. 2.00 a.m. Wales. 2.05 a.m. Wales. 2.10 a.m. Wales. 2.15 a.m. Wales. 2.20 a.m. Wales. 2.25 a.m. Wales. 2.30 a.m. Wales. 2.35 a.m. Wales. 2.40 a.m. Wales. 2.45 a.m. Wales. 2.50 a.m. Wales. 2.55 a.m. Wales. 3.00 a.m. Wales. 3.05 a.m. Wales. 3.10 a.m. Wales. 3.15 a.m. Wales. 3.20 a.m. Wales. 3.25 a.m. Wales. 3.30 a.m. Wales. 3.35 a.m. Wales. 3.40 a.m. Wales. 3.45 a.m. Wales. 3.50 a.m. Wales. 3.55 a.m. Wales. 4.00 a.m. Wales. 4.05 a.m. Wales. 4.10 a.m. Wales. 4.15 a.m. Wales. 4.20 a.m. Wales. 4.25 a.m. Wales. 4.30 a.m. Wales. 4.35 a.m. Wales. 4.40 a.m. Wales. 4.45 a.m. Wales. 4.50 a.m. Wales. 4.55 a.m. Wales. 5.00 a.m. Wales. 5.05 a.m. Wales. 5.10 a.m. Wales. 5.15 a.m. Wales. 5.20 a.m. Wales. 5.25 a.m. Wales. 5.30 a.m. Wales. 5.35 a.m. Wales. 5.40 a.m. Wales. 5.45 a.m. Wales. 5.50 a.m. Wales. 5.55 a.m. Wales. 6.00 a.m. Wales. 6.05 a.m. 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Shades of Gray

by RICHARD COMBS

Vampyr (A) Electric
The Last Hard Men (X) Carlton
The "Human" Factor (X) Metropole

Carl Theodor Dreyer was a Danish film-maker whose career began in the silent era and continued through the projects grew fewer and further between as the director became an increasingly isolated, magisterial figure—into sound. His last film, *Gertrud*, was at first savagely reviled when it was shown in Paris in December 1964, but has since acquired the status of a masterpiece. As indeed it is, though it is hard to think of the body of work composed of more than 20 films as a masterpiece, and yet it is hard to think of the body of work composed of more than 20 films as a masterpiece, and yet it is hard to think of the body of work composed of more than 20 films as a masterpiece.

But *Vampyr* to-day looks like a bare succession of close-ups, following the question-and-answer of the ecclesiastical interrogation, and with figures posed and shot to express a kind of monumental spirituality. Perhaps by way of relaxation, Dreyer next turned, in 1932, to a horror film, *Vampyr*, based on a story by Sheridan Le Fanu and invented by the director himself. The film is a masterpiece of the genre, and it is hard to think of the body of work composed of more than 20 films as a masterpiece, and yet it is hard to think of the body of work composed of more than 20 films as a masterpiece.

What is remarkable about the film is how far it goes to the other extreme from the lurid Technicolor blood-letting of most modern horror films. *Vampyr* here is a peculiarly haunting work, its victims simply fading into the twilight atmosphere that pervades most of the film—and which in fact seems to merge both the natural and the supernatural world into indistinguishable shades of gray. Through a trick of lighting, discovered by accident at the start of shooting, Dreyer gives all the exterior scenes the insubstantial, filtered aura of a dream, and his characters—even those supposedly of this earth—might have been conjured from the same source.

The hero remains a tensely ordinary, abstracted individual, incongruously clad in a lounge suit, and the two sisters whom he undertakes to protect perfectly evanescent figures of the imagination. By contrast with the vapourish feeling of the exteriors, the scenes inside the château could almost be taking place in some hot-house caricature of the natural world. Images of natural scenes figure prominently in the decorations, and the camera prowls restlessly through these rooms—where it seems anchored and enervated outside—often just a bead or some portion of anatomy at the bottom of the frame, as if lighting on some botanical specimen. The feverish atmosphere engendered is both that of the sickroom—one of the sisters inevitably comes down with the vampire plague, and the other, the vampire's wife, is left in a state of becoming one herself—and of the dreamer trying to escape his dream.

What is unique in *Vampyr* is the feeling that Dreyer has created a landscape where the ghostly is the normal state of affairs—and where the struggle to escape from the thrall of this strange soul-sickness involves not a gory exorcism but an agonisingly slow, dream-like progress through enveloping mists towards the light. A more vigorous blood-lust is continually asserted by the script for *The Last Hard Men*, though the direction is always too mechanical for the revenge plot to pick up much steam. To the credit, the film features a reasonably charismatic pairing of Charlton Heston and James Coburn—the former a ramrod-straight law officer who once ran to earth and imprisoned the latter, a half-breed Navajo train robber, and in the process killed his Indian woman. And, curiously, once Coburn escapes himself from a chain gang in the film's opening sequence and sets out to claim his pound of flesh, hangs this tale.

The resulting conflict might have registered a higher voltage if it had been handled by someone other than Andrew J. McGargle. The son of burly actor Victor McLaglen, who lent his substantial, rowdy presence to many a John Ford Western, director McGargle's style has always been unambiguously relaxed and diffusely—relaxed and panoramic. But his ambitious shepherds do little to create the kind of tension and knife-edge antagonism which this subject calls for—or to provide the mythic uplift which the script at times seems to be begging for, with its references to the passing of the Old West and the arrival of the new automobiles and telephones in town.

Another second generation movie presence who fails to make much impact, Christopher Mitchum (son of Robert) rides along as Heston's side-kick, looking and sounding like the anxious teenage lead from some beach movie. And Michael Parks, once a young hopeful in the shuffling and mumbling Method school, here looking and sounding like a shyly insouciant James Dean as the local marshal, completes the film's bizarre round-up of acting styles. All of which add up to a sort of spottily varied show, but scarcely do much to keep the film's energies concentrated on the business at hand.

Black Angels

by CLEMENT CRISP

Christopher Bruce's new ballet for Rambert is set to George Crumb's string quartet for amplified instruments and percussion. It takes its title—*Black Angels*—and its theme and structure from Crumb's music. These "thirteen images from the Dark Land" are concerned with the soul's journey, with the fall from grace leading through spiritual annihilation to ultimate redemption. It is a most serious and tormented beautiful work, for three couples who are first discovered in the misty, gauzy cavern of Nadine Baylis' handsome set. We are in Hell, where every abomination of spirit and body must be endured. Bruce's dance language, like the music of the first section, is harsh, agonised, brutal. Zoltan Inre, white-clad, must suffer with his companions, dogged and attacked by Bob Smith as a truly demonic figure. Escape is impossible, and this year with the *Black Angels* of George Crumb, the same despairing force swirls and clusters of movement finds Ballet Rambert that we can see in the blackest of the blackest.

spiritual images of Bosch or Goya. Through the fabric of Crumb's writing there comes strains of Schubert's "Death and the Maiden," and the lighting of Lukas Foss's *Good, whose melting emotional tones find more closely identified with the Christ, Leigh Warren is given a brilliant, tormented solo and then impersonates the Cross, and there follows a beautiful representation of the Deposition in a pleth group with Lucy Burgas (the Virgin) and the Entombment, with Miss Burge noble in grief. Yet the resurrected figure we finally see is not the triumphant Saviour, but rather an almost epileptic Holy Innocent, a Prince Myshkin, Christ-like only in his suffering.*

The other new work in the programme is Glen Tetley's *Moog Garden*. I did not enjoy this as much as I had hoped when I first saw it earlier in the year with the *Black Angels* of George Crumb, the same despairing force swirls and clusters of movement finds Ballet Rambert that we can see in the blackest of the blackest.



Charlton Heston searches a freight train in 'The Last Hard Men'

Canada House

New Canadian Music

by DOMINIC GILL

In London we hear new music from Europe, from Australia, from the U.S., Japan, China, South American—even, with considerable frequency, contemporary works from Eastern Europe and the Soviet Union—more often than we hear new music from Canada. Names filter across the North Atlantic (Tremblay, Summers, Mather) from time to time, but few Canadian music seems difficult to come by. So it was of special interest on Wednesday evening to hear the Canadian ensemble "New Music Concerts" make their first appearance in this country with a programme of five recent works from their homeland.

It is always dangerous, and never particularly useful, to assume any group of works from one school or country to be "representative." Enough to note, perhaps, that all but one of the five composers represented on this occasion had finished their studies in Europe, and that three had been pupils of Messiaen; that all of the works played were well and carefully made; and that each showed, in its own way, respect for conventional (which is to say, by now well-established) procedure, rather than risking any more adventurous or provocative experiment outside accepted European tradition.

The longest piece of the evening, *Montaigne III*, for cello, harp, piano and percussion, by Bruce Mather (b. Toronto, 1939), was also the one which began most promisingly. Mather's text is by the Quebec poet St. Denis Garneau; the setting is made with a mixture of direct, unadorned, sprung with all manner of interesting instrumental colours, shifting quickly from scene to scene very precisely imagined. There are some satisfying, evocative moments, such as the piano and harp, dark, muted conversations, as well as sudden antiphonal fiery sparks. The words move slowly, poised for the most part above the instrumental activity, seeking neither to join nor be joined by it, almost a self-contained commentary. Many beautiful moments: though towards the end of its 15 minutes, the movement of the music seemed to lose a certain direction and muscle, as if the composer were not quite sure how to finish, and had become in his anxiety more involved with the notes on paper than with the actual sound.

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Tremblay (b. Quebec, 1939) was more apt, since the music scored for amplified instruments and percussion, in particular, and the substantial piece, in which the whole range of Barbarian vocal techniques in general, perhaps the percussion for little rattle-strings and lots of very loud crescendos on cymbals and gongs. The composer's own descriptive note might have been transferred directly from any programme of the Royal Festival: "the theme is wind, physically and spiritually (pneuma, spiritus). Its presence forms the music: breath, through pureness of silence; frozen states, fringes of existence; warlike that melts and fertilizes in multiplied and endless plays of possibilities." The theme is wind indeed.

William Buxton's (b. Edmonton, 1949) *Tristram* for solo soprano uses vocal material for a review of a previous work. He shapes the music into a "homage" to Tristram Tzara, though "homage" is a sharper word than sung to Cathy Berberian would read aloud.

Unbroken dramatic momentum of *Death in Venice*, the music discovers a least shining lyricism of its own which carries the verse, without betraying it, even though it may not exactly match it. The work takes its subsequent material from the intervals and shapes the harmonic implications, notably the rocking chords over which Phaedra confesses to Hippolytus her fatal love; yet the working is unobtrusive, its sections subsumed into a tense dramatic movement that gives the 16 or so minutes very much of a "through-composed" feeling. The orchestra, capable of transparent shades and hard, glittering colours, is particularly inventive in its adaptation of the Handelian continuo—bassoon, harp, and solo cello in a manner both supportive and lyrically active.

A first overall impression of *Phaedra* is of a concert work into which the range and the energy of an opera have been concentrated—an opera which, interestingly for Britten, gives voice to the guilty destroyer of the past to the plight of the innocent—to Phaedra, in this case, rather than Hippolytus. The music conveys passion as seldom elsewhere in his compositions, a passion given direct and unfinching expression. There are one or two slight mis-calculation ("I love you, love you" in a quick six and eight carries slight G and S Chamber Orchestra under Stuart Bedford (who also served at the Harpichord), was at the Maitlands on Wednesday.

Lowell, in the introduction to his translation, discerns in Racine a glorious "hard, electric rage," impossible to convey exactly in English, but to which he as poet has endeavoured to bring "a certain dignity, speed and glare." We may mirror his words to measure Britten's achievement: for, from the sweeping opening sentence for cello and harp, tumbling down from a soaring high A to a B, he began here with a C; and the five octaves below in that wide slithering chromatic telling of "and invigorating manner, associated with the 'Venice' motif

he more apt, since the music scored for amplified instruments and percussion, in particular, and the substantial piece, in which the whole range of Barbarian vocal techniques in general, perhaps the percussion for little rattle-strings and lots of very loud crescendos on cymbals and gongs. The composer's own descriptive note might have been transferred directly from any programme of the Royal Festival: "the theme is wind, physically and spiritually (pneuma, spiritus). Its presence forms the music: breath, through pureness of silence; frozen states, fringes of existence; warlike that melts and fertilizes in multiplied and endless plays of possibilities." The theme is wind indeed.

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Arts

Dirty Linen

Transferred from the Almost Free with a couple of cast changes, Tom Stoppard's double bill—or rather short play interrupted by a longer one—provides a good way as any of passing a decent hour and a half in London. The setting is a room in the House of Commons where a select committee gathers to hear its own report on sexual

moralism among the members. The meeting has a secretary, Miss Gotobed, who can do speed writing if you talk slowly; articles of her clothing materialise on the stage every time somebody wipes his brow, and she is ultimately responsible for drafting the sensible one-sentence replacement for the windy Tennysonian cant the PM wants to hear.

When the company adjourns for a division in the House, two Doris, an Extra Pound setting for tenor and orchestra, should have followed, and not preceded, *Phaedra*. This meant that the first British performance of this significant Norwegian composer's poetic and sensitive short voice drama, so carefully and colourfully coloured, not always well served by Peter Pears as the exquisitely refined soloist.

of course, she was already at the core of the piece. On the whole, I should like, when the Baker performance has become the classic it surely will, to hear another kind of mezzo in it, a Shirley Verrett kind of voice, with nobility less to the fore and as by the words they drop while naturally part of its make-up. The ECO under Stuart Bedford were vivid, over-excitable accompanists; but then, with composer and poet both in the audience, it was an exciting occasion.

A pity that Arne Nordheim's *Doris*, an Extra Pound setting for tenor and orchestra, should have followed, and not preceded, *Phaedra*. This meant that the first British performance of this significant Norwegian composer's poetic and sensitive short voice drama, so carefully and colourfully coloured, not always well served by Peter Pears as the exquisitely refined soloist.

Canada's "Theatre Design '76" exhibition
Canada's prize-winning entry to the Prague Quadrennial Competition of stage design is being shown in London until July 8 at the Canada House Gallery, Trafalgar Square.
The display focuses on the work of costume designer Francois Barbeau and set designer Murray Laurier, but also includes a section devoted to the work of 25 students from the theatre design departments of the National Theatre School in Montreal, the Quebec Conservatory of Dramatic Art and the universities of British Columbia and Alberta.

Festival Hall

Rosalyn Tureck

If there's one thing more difficult to justify than playing Bach on the piano, it's playing Bach on the piano in the Royal Festival Hall. Rosalyn Tureck had an audience large enough to justify her choice of the biggest South Bank hall, and her playing too was on a large scale—continuously vivid, dramatic, and assured. Her Bach interpretations are like vast photographic enlargements, which project the music complete texture. The D major sonata, for example, is a masterpiece of technical means: in musical terms, by violent fortissimos contrasted with sudden pianissimos, by alternately singing and steady tone colours, by legato phrasing broken by executed.

Three Preludes and Fugues from the "48" showed even more clearly Miss Tureck's personal approach to the composer: essentially private music to sustain a musical logic even through the most unbelieveably slow tempo in the 24 minor Preludes. But on Wednesday its opening *Sinfonia*, was delivered with great panache, in spite of some inconsistent double-dotting subject and the frequent emphasis of one voice at the expense of the complete texture. The D major sonata, for example, is a masterpiece of technical means: in musical terms, by violent fortissimos contrasted with sudden pianissimos, by alternately singing and steady tone colours, by legato phrasing broken by executed.

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THE SOWETO RIOTS

"IT HAD to happen. There is such a profound dissatisfaction over so many aspects of the Blacks' life in South Africa."

That is the verdict on the Soweto riots of Dr. Beyers Naude, a mild Afrikaaner who was once a priest in the austere Dutch Reformed Church, until he was defrocked for speaking out against apartheid. Now he runs the Christian Institute for South Africa, an inter-denominational group intimately concerned with race relations.

"Every area you look," Dr. Naude said, "the Black is pressed to breaking point. It is hard to disagree."

What the slaughter in Soweto has accomplished, with the most horrifying outbreak of civil violence in South Africa since the shooting of 68 people at Sharpeville in 1960, is to call into question the basic premises of South Africa's detente policy, so painstakingly constructed by Prime Minister John Vorster.

While the abortive intervention in Angola, and Mr. Ian Smith's intransigence in Rhodesia, may have torn holes in the policy, Mr. Vorster has still managed to present himself internationally as some sort of "honest broker" for peace in the region.

But the policy has suffered from the glaring inconsistency of promoting racial harmony and the advancement of majority rule, albeit slowly, in all countries of the region except the Republic itself. That is the flaw which Soweto has so tragically re-emphasised.

Soweto is like most African townships, a fairly ghastly place. The shacks, which are mostly made of wood with tin roofs, stretch over the small hills of the town, which is only about 20 per cent electrified. The sewerage is largely lacking.

Beds are made of concrete. Showers and baths are usually communal, and usually in the open. The streets are mostly dirt roads. There is large-scale unemployment (although officially it is not allowed for a Black to be unemployed, and he will be shipped back to a homeland if discovered). There is a severe shortage of amenities, like parks, playgrounds and cultural centres.

If a person wants to stage a play he must get permission from the Bantu Board, which will want to see the script and very probably ban the play—if it is at all controversial.

It is hardly surprising that there is a soaring crime rate with an estimated 10 murders a week. Malnutrition and poverty are rife.

In these respects, Soweto hardly differs from other townships except in scale. It is far larger. The population is officially put at something over 600,000, but it is certainly no less than 1m, which makes it the largest black town in Africa. It is also close to White communications. All the Johannesburg newspapers are available, so Blacks know to some extent what is going on in the world—particularly in the world immediately north of South Africa. But more than this, Soweto is the centre of Black political consciousness.

Because it is large and important, the tribal and ethnic differences which separate Blacks are almost dissolved. Officially the African Peoples Congress and the Pan African Congress (PAC) are banned. But one

A slaughter which threatens detente

BY STEWART DALBY



South African police in camouflage uniforms look on as the body of an African killed in the Soweto rioting is brought into a Johannesburg police station.

Black friend said: "You try and political parties, but their members do not meet each other and hold discussions. The BPC grew out of the ANC and PAC include the of the student organisation and Black Peoples Congress (BPC) although there is no evidence to link any of these organisations and South African Students Organisation (SASO), do not with the current upheaval in the township. It is significant that it

was students who provided the under for the riots. The new Black consciousness is particularly strong among the young. Recent speeches by people like Mrs. Winnie Mandela in the jail, and the new Black Nationalist movement, have shown that many

young Blacks regard their elders as spineless.

The Blacks have no meaningful political representation whatsoever, and there is little prospect of them ever getting any under the present régime. But the accession of Black governments in Mozambique and Angola together with the gathering feeling that the days of White minority government in Rhodesia are numbered, has given a tremendous boost to the Black morale. Virtually for the first time since the early 1960s, when the Black political organisations were smashed after the Sharpeville massacre, there is a mood of hope and expectancy.

In direct conflict with raised expectations, one economic report estimates that less than 1 per cent of Blacks reach matriculation level in the education system. The drop-out rate from school is enormous, with perhaps 75 per cent of all school attenders not making six years in school. Classes are impossible to overcrowd. The Government has now decided that it will only build new secondary schools in the townships, which the Government is hoping to persuade Blacks to leave to live in peace. These frustrations led to boyboycots, and finally to what appeared to be completely spontaneous demonstrations.

Needless to say, the Government has, since the beginning of the year, been insisting that two subjects in high schools, mathematics and social science be taught in Afrikaans. Why these two subjects, no one has quite explained, although science was picked because it is a subject most easily susceptible to propaganda. Mathematics was chosen because it is extremely difficult to learn in a foreign language, and this would retard the progress of Africans, they say.

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Whatever the reason, the Blacks, most of whom speak English, resented bitterly the imposition of Afrikaans. The language has come to be the dis-

sent does not see the riots in that way. A senior Government Minister said he thought it was too much of a coincidence that the riots took place on the eve of Mr. Vorster's trip to West Germany to see Dr. Henry Kissinger, U.S. Secretary of State. He did not discount the possibility that the riots were the work of Black organisations, aided by "Communist enemies" of the Republic.

The prospect is that the White Government will quell the riots and then go in for some nasty reprisals.

The very efficient security forces are backed up by draconian security laws. The new Internal Security Bill, plugged what few holes there were in existing legislation. Under the Terrorism Act and the Suppression of Communism Act, the Government could already take almost any repressive measure including indefinite detention without trial.

A few more detentions and trials seem certain as a result of Soweto. Eventually the riots will almost certainly be put down. The key question is whether the violence, coming at this crucial time, has shot to pieces an Anglo dish. Mr. Vorster's policy of detente. He has worked hard to come to terms with Black African countries and to find solutions in Rhodesia and in some limited extent, Namibia. The corollary of playing ball with Mr. Vorster as far as Black African countries were concerned, was that he did something about his own country. He has wanted the external detente peace on his borders, without doing much (so far at least) about internal detente. Soweto has made it harder, for him to have it both ways.

Editorial comment

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OTHER OVERSEAS NEWS

New attack by Frelimo

SALISBURY, June 17.

FORCES of the Mozambique Liberation Front (Frelimo) have fired on Mount Selinda across Rhodesia's eastern border for a third time, the Rhodesia Herald said today.

It said that rocket, mortar and small arms were used in the attack from inside Mozambique, soon after daybreak yesterday. The report said the attack lasted 15 minutes but no one was injured.

The Rhodesia Herald said yesterday there had been an attack on the Mount Selinda border post on Monday. Rhodesian jet fighters destroyed mortar positions and an ammunition dump inside Mozambique after a similar attack last Thursday.

In today's attack, the paper said, two 122 mm rockets were fired, but both landed inside Mozambique. It said that after the attack Frelimo troops were seen digging in trenches close to the border.

In an editorial, today, the paper said that the continued attacks by Frelimo in the Mount Selinda area were creating a dangerous flashpoint. "No country can be expected to put up with rocket and mortar bombardment of its territory from foreign soil. If action like this continues or spreads to other areas the Rhodesian forces will have no option but to retaliate far more strongly than they have done so far."

Reuter

Lebanon suspects seized after murder of envoy

BY HANS HILJAZI

BEIRUT, June 17.

THE ALLIANCE of Palestinian guerrillas and the Lebanese Left-wing groups announced today that they have arrested a number of suspects in connection with the murder yesterday of Mr. Francis Meloy, the U.S. Ambassador, Mr. Robert Waring, the American Economic Counselor, and their chauffeur.

In a statement broadcast over Beirut Radio, the Alliance said the suspects would be turned over to the joint Arab League peace-keeping force as soon as it arrives in Lebanon. It promised a more detailed declaration later.

The statement did not reveal the identity of the suspects or their number, but reprimanded them by pointing out that "combating American imperialism in the area is not done by such individual actions."

According to reliable sources, five suspects have been arrested and are said to be members of a radical Lebanese underground organisation known to be extremely anti-American.

The group, which calls itself "the Arab Socialist Revolutionary Organisation," carried

out the attack on the offices of the Bank of America here in the autumn of 1973 and killed an American businessman before they were overpowered and captured by Lebanese security forces.

The leader of the organisation, Moshed Chabbou, is a mysterious figure from southern Lebanon who makes few public appearances even at these times when there is a complete breakdown of law and order. During the current crisis, the organisation has made a common cause with the "Rejection Front," which opposes a political settlement to the Arab-Israeli conflict.

The bullet-riddled bodies of the two American diplomats and the driver were found last evening discarded at a garbage dump in a Beirut residential area. Their discovery came six hours after they had disappeared at the crossing point separating Muslim and Christian districts. They were on their way to call on the President-elect, Mr. Elias Sarkis.

The apprehension of the suspects followed an all-night session by Palestinian-Left leadership which had shown profound anxiety that the assassination might lead to foreign military intervention in Lebanon and against the guerrillas.

L. Daniel adds from Tel Aviv: The collection of contributions, medicines, clothing and food for homeless and needy in Lebanon, which was started by Moslem Arabs in towns in the Israeli-occupied West Bank, has now spread to Arab localities inside Israel with the approval of the Israeli authorities.

One curious aspect of the situation is the extension of medical aid by Israeli hospitals and army doctors and nurses to Lebanese coming to the border point between Israel and Lebanon. Unable to get supplies from Beirut, the villagers in southern Lebanon arrive not only with their wounded, but with women about to give birth and with children.

Those not in need of hospitalisation but requiring more treatment, are now given repeat appointments at the Israeli surgery on the border. Mrs. Wladimir, the Syrian wife of the Israeli border guard, has come to the Israeli border just south of Rashid al Wadi, some 15 miles from the frontier, according to military sources here.

Assad arrives for French talks

BY ROBERT MAUTHNER

PRESIDENT Hafez Al Assad of Syria arrived here today for an official visit to France during which he will have several sessions of talks with President Giscard d'Estaing and immediately after that he will pursue his intervention in Lebanon.

[President Assad's departure was delayed briefly when an envoy arrived unexpectedly with a message from Saudi Arabian King Khalid. The King said Yasser Arafat in Riyadh yesterday and a Saudi mediation effort between President Assad and Mr. Arafat was believed under way.]

The visit of the Syrian President has aroused great interest because it could mark the beginning of a solution to the Lebanese crisis through the organisation of a round table conference in Paris between the various Lebanese belligerents. A proposal to this effect has already been made by France and President Giscard is anxious to hear the Syrian leader's views on the subject.

The French have all along adopted a sympathetic attitude towards Syria. As for President Giscard's offer to send a peace-keeping force to Lebanon, this is now in abeyance given the hostility it has provoked from various of

U.S. delays evacuation decision

BY OUR FOREIGN STAFF

A DECISION will be taken "in the next 36 hours" on whether to evacuate U.S. citizens from the Lebanon, Dr. Henry Kissinger, U.S. Secretary of State, said yesterday.

The aircraft carrier USS Saratoga was reported yesterday to be steaming "in the Western Mediterranean." There are also four helicopters standing by in Cyprus as well as C-130 Hercules aircraft.

However, despite the anger in Washington over the assassination of the American diplomats, it is not expected that anything resembling a military intervention would be tried to evacuate

the 1,500 Americans believed to be in the Lebanon. This much was indicated by Dr. Kissinger, who said: "We believe there is a substantial force requiring a significant U.S. force. Our judgment is that an intervention would unify all elements except the Christians against the U.S. incur heavy casualties and lead to a generalised conflict."

Speaking to the House of Representatives International Relations Committee, the Secretary of State said: "If U.S. personnel are used it will be very short operation. We will, of course, consult with Congress."

JAL seems to have been under heavy pressure from Douglas to place a DC-10 order around the end of 1980 and was at one time offered special terms if it undertook to reserve numbered aircraft in the Douglas production line.

Lockheed pressurised JAL allegation

BY CHARLES SMITH

TOKYO, June 17.

JAPAN'S national flag carrier, Japan Air Lines, may have been a victim of pressures by Lockheed's secret agents as well as the domestic carrier, All Nippon Airways, which has been getting most of the publicity up to now.

This possibility was revealed today in a Parliamentary inquiry into the Lockheed affair in the course of which a former President of ANA, Mr. Tetsuo Oba, spoke about a conversation he had with Mr. Shizuma Matsuo, who was president of JAL until his death in 1972. Mr. Matsuo told Mr. Oba that JAL had given up the idea of

buying Douglas DC-10 aircraft as far as placing options for the DC-10 before it came under the alleged pressures from Mr. Kodama. What is known, however, is that JAL conducted an inquiry into the case for flying Airbus on domestic Japanese routes in the late 1960s which it suspended in 1969. The reason given for the suspension at the time was simply that it was "too soon."

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Egyptians deny plague rumours

By Michael Tingay

CAIRO, June 17.

RUMOURS of bubonic plague in Egypt have been sparked off by a nationwide rat control campaign, Dr. Fouad Moddelidze, Egyptian Minister of Health, stated today.

This was the first official reaction after weeks of rampant speculation throughout the country that plague had struck in two or more army camps in Egypt's Western Desert near El Alamein and in a vicinity of war-damaged Suez.

Dr. Moddelidze said in a long interview with the Financial Times: "There is not a single proven case of plague in Egypt to date. Suez is open for tourists to visit. You can assure British tourists to come to Egypt under the supervision of the Ministry of Health."

Talk of plague has been taken sufficiently seriously by an Italian company, Viennini Dragaggi, who are working on the Suez Canal widening, to have vaccinated their personnel against bubonic plague. A Viennini man said: "Our men were frightened so we had them vaccinated. The Montubi company building the Suez pipeline have done the same."

A Montubi spokesman in Sidi Kreir, west of Alexandria, denied he had heard rumours of plague and denied there had been vaccinations.

At least three Western embassies in Cairo, the Swedish, West German and American, have had inquiries from nationals asking about plague.

The Swedes have inquired in Stockholm about vaccine supplies. Two non-British Western embassies have high level contingency plans for nationals, according to authoritative sources contacted in London.

The Minister said that two months ago he had embarked on a nationwide anti-rat campaign which included parts of the Western Desert and Suez as well as a large number of areas in the country.

Dr. Mohamed El Mattari, Suez director of health, said a poisoning and trapping campaign had started on April 10. It had been a great success.

Egypt's and Suez's rat population is inestimable. The campaign in Suez, where Dr. El Mattari said 85,000 houses had been destroyed in war, is currently killing about 4,000 rats a week.

The rumours stem from two general areas around Suez and at two points between Alexandria and El Alamein. The Suez rumours are said to be quoted responsibly but those from the Western Desert are more specific.

A non-commissioned officer in the Egyptian army, on the road 40 kilometres west of Alexandria, said: "Three weeks ago two private died in military camps near El Hamman and further west towards El Alamein. He believed the men had died of plague. He said measures had been taken and there was no further danger."

Senior sources within the international medical community had also mentioned a camp near El Hamman in the same context. But Dr. Moddelidze said: "Not a single military case died in Hamman. Not a single case was even suspected in Hamman."

ON OTHER PAGES

International Company News: Mitsui issue, Sabena capital plan, Ford of Germany.

Farming and Raw Materials: EEC's NZ butter plan, Australian meat subsidy, French rice warning.

Angola President issues warning to mercenaries

LUANDA, June 17.

ANGOLA warned potential mercenaries today that if they came here they would be punished by death on the battlefield or by people's justice.

Prime Minister Lopo do Nascimento issued the warning in the final session of a specially-invited commission investigating mercenary activities. His speech came shortly before the resumption of the trial of 13 white mercenaries for their part in the Angolan civil war last February.

"Potential mercenaries should be aware of one thing: that in Angola dishonourable death on the battlefield or exemplary trial by people's justice awaits them," the Prime Minister said.

At a 10-day session of the trial the court was due to hear final arguments by the prosecution and defence and personal pleas by the mercenaries — nine British, two Americans, one Irishman and one Argentinian.

At the commission's final meeting, chairman Andre Moule of the Congo handed over its conclusions to the Prime Minister. They included a draft convention aimed at an international ban on mercenary activities, defining a mercenary and spelling out the responsibility of governments to stop their recruitment and financing.

Another document was a declaration on mercenary activities in general. A third on the conduct of the trial here will be presented when it is ended.

The Prime Minister said Angola would make every effort to ensure that the draft became an international agreement. He said this will require the company to be in the securities markets four to six times a year with offerings of bonds, common and preferred stocks.

Reuters reports from Portland, Oregon.

Wintaltes at BFG

BANK FUER Gemeinwirtschaft AG (BFG) increased its earnings in 1975 (AP-D) reports from Frankfurt but the figures are not comparable to previous years because of a change in the bank's relationship to its parent company, Badische Anilin- und Soda-Fabrik AG (BASF).

Walter Hesselbach, chairman of the bank, told the annual news conference.

Talks over Eder

THE SWEDISH company Norrlands Skogsgaard (NCS) is currently negotiating with Alko's consumer products subsidiary in the Hague as it wants to acquire a 50 per cent interest in the Dutch Eder tissue company which employs around 250 people. Eder, which has sales offices in a number of European countries, does not divulge its sales or profits.

Wintaltes at BFG

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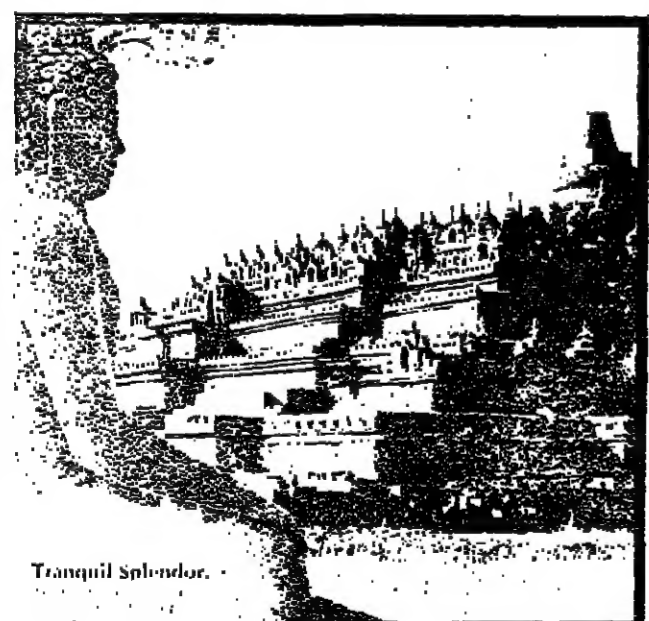
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مركز العمل

HOME NEWS

Industrial output 'on clear rising trend'

BY PETER RUSSELL, ECONOMICS CORRESPONDENT

INDUSTRIAL production in the U.K. is now on a clearly rising trend from the trough of the recession last year, according to the latest figures from the Central Statistical Office.

After a couple of flat months, industrial output rose by a point to 102.1 (base, 1970=100) in April for a rise of 1.1 per cent in the February-April period compared with the previous three months.

This understates the rate of recovery since the index largely measures deliveries rather than output, which means that it tends to lag at turning points.

The official statisticians regard the latest figures as encouraging in confirming the steadily rising trend of production since the bottom last August—in particular the fact that the upturn so far has come through almost wholly in the output of intermediate goods (such as chemicals).

This category increased its output by 3 per cent, on average between November

January and February-April, while production of consumer and investment goods was unchanged. This partly reflects the sharp rise in export volume during the year.

While the Government is clearly pleased about the further confirmation in these figures of the sharper rate of overall economic recovery than earlier forecasts, the 'all-industries' index in the last three months is still 11 per cent below its level in the same period a year ago—and the manufacturing index is about 24 per cent lower.

At this stage, it is not clear how much of the upturn in intermediate goods output will feed its way back into other sectors of the economy by working through eventually to consumer goods and how much is going totally into exports.

The detailed figures show that the biggest increase in manufacturing industry has come from metal manufacture—up 5.7 per cent, on a three-monthly basis, though this is distorted by the

INDUSTRIAL PRODUCTION			
1970=100			
	All Industries	Manufacturing	Total
1974 Q2	107.6	109.3	107.6
Q3	107.9	109.6	107.9
Q4	108.7	105.6	108.7
1975 Q1	104.6	106.1	104.6
Q2	104.6	106.1	104.6
Q3	104.6	106.1	104.6
Q4	104.6	106.1	104.6
1976 Jan.	101.0	101.9	101.0
Feb.	101.4	101.3	101.4
March	101.1	100.9	101.1
April	102.1	102.3	102.1

Small productivity gains from three-day week

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

INDUSTRIAL CORRESPONDENT THERE IS no evidence to support the widely held view that there was a major increase in productivity during the period of the three-day week in the early part of 1974, says a Department of Industry study published today.

There was a small increase, however, and management and unions generally agreed this arose from better communications between them and the desire to maintain earnings.

On average, gross earnings of employees were maintained at around 85 per cent of the normal level. However, the majority of companies, providing figures showed severe profit reductions or even losses during three-day working.

Although a few companies used the emergency as an opportunity to improve their industrial relations, in general the improvement was short-lived.

The result of improved communication in crisis conditions was to set aside ongoing disputes or disagreements and to increase mutual co-operation. This situation was mistakenly construed as an improvement in industrial relations, but it did not usually survive the crisis period in the absence of a specific change in

3—The benefits of improved management-employee communication;

4—The potential for energy saving.

To what extent these lessons were followed up after the ending of the three-day week did not fall within the ambit of the study although the modest increases in productivity achieved during, and just after, suggests that there is scope for improving output from existing investment.

The Department of Industry says.

Some interesting points about attitudes to work were brought out by the study. For example, any temporary attraction of more leisure time in exchange for fewer but longer working days disappeared rapidly once the difficulties were over and subsequent efforts by some companies to negotiate four-day, 40-hour weeks were unsuccessful.

The evidence suggests that ten-hour working resulted in flagging effort over the last two hours. The period of extra effort and co-operation was limited very quickly by growing fatigue, the fading novelty element and gradual disenchantment with the cause of the crisis.

The Three-day Week, HMSO £2.

Timber was Rhodesian says NCB

By Roy Hodson

AN INTERNAL inquiry ordered by the National Coal Board has fully confirmed the report in the Financial Times on April 30 that the Board received a consignment of timber from Rhodesia.

Following consideration of the inquiry's findings by Sir Derek Ezra, chairman of the Board, discussions have begun with the importers, P. McAlister of Tippernui, Scotland, about future trading relations with the NCB.

The illegal consignment of 3,000 cubic feet of Rhodesian timber, worth £3,800, was delivered to the NCB in 1974, thus breaking the Government's ten-year embargo on trade with Rhodesia.

The NCB has stated that it believed the timber came from Mozambique or South Africa.

Working party to study traded options market

By Margaret Reid

THE STOCK EXCHANGE, which last week decided to sponsor a market in traded options but to reconsider the feasibility of having it within the Exchange instead of as a separate body, has now established a working party on the subject.

Its chairman will be Mr. F. T. (John) Powell, who is about to become one of the Exchange's deputy chairmen.

It will include two members of the committee which prepared the plan for a separate options market similar to the Chicago Board Options Exchange. They are Mr. David Heath and Mr. Peter Stevens.

The other members will be Mr. John Lloyd and Mr. Stephen Raven, while Mr. M. Halford will act as secretary.

The working party will advise the options committee, which has been asked to reconsider the feasibility of establishing the market within the framework of the present membership and jobbing systems.

It is likely to consider issues on the options market membership, its dealing system and the financial and property arrangements concerning it. It may be able to report in the early part of July.

Under a traded options market, investors can not only acquire options to purchase shares in future at a predetermined price, but can buy and sell the options themselves.

Department of Trade cleared over Nation Life Insurance

BY ERIC SHORT

THE Ombudsman has rejected complaints that the Department of Trade failed in its duty to protect policyholders of Nation Life Insurance, which collapsed two years ago.

The complaints came from six MPs on behalf of eight policyholders who had lost money as a result of the liquidation. The policyholders had contended that the loss was the result of the department's failing to detect problems which led to the company's being wound up and therefore failing to give warning that such investment in the company was not safe.

In his report published yesterday, Sir Idwal Pugh has set out the powers and responsibilities of the department in relation to control and investigation of the affairs of insurance companies. He gives a brief history of the company, including the transfers of ownership until it was acquired by the Stern Group, in March, 1972.

The report reveals that the department considered this acquisition to have potential consequences requiring its close attention. It then goes on to describe in detail investigations and meetings between the department, the Government Actuary's Department, and the company which led to the company's application.

The Ombudsman supports the action of the department in directing efforts to secure a

ing on July 2, 1974, for wind-up.

At various times during the period, the company was subject to special scrutiny and cleared.

In the summer of 1973 it was one of 20 companies investigated by the actuary's department over its guaranteed income bond business, but no action was considered necessary at that time.

Again, in April, 1974, the Department of Trade sought the views of the Bank of England on the security of Nation Life's deposits and received an assurance that it "need have no concern."

The Department of Trade told the Ombudsman that it did not consider itself under obligation to give a warning to the public if it did not consider investment in an insurance company absolutely safe. Indeed, according to the report, it claimed to be in no position to judge. It had powers to prevent a company's taking new business if it had serious doubts on the financial position.

But it argued that to publish the fact that there was doubt inevitably would result in such a loss of confidence in the company concerned as to lead to failure when appropriate remedial action might resolve the position.

The Ombudsman supports the action of the department in directing efforts to secure a

Study into footwear industry

By Our Industrial Staff

THE FIRST copy of a five-volume study, recommending major changes in Britain's troubled footwear industry, was delivered to the Department of Industry last night.

But the authors of the Government-sponsored study, the Economists' Advisory Group, refused to comment on reports that it suggests the British Shoe Corporation should be referred to the Monopolies Commission.

There has long been concern among manufacturers that BSC, with its 2,000 retail outlets, might exert too dominant an influence over the market. This was no doubt reflected in surveys conducted by the EAG.

EAG is understood to have focused attention on the design and marketing of British footwear. One suggestion is that small companies might form co-operative ventures to employ sufficient expertise for a drive on exports.

Pardoe claims 'tough guys' support

BY RAY PERMAN, SCOTTISH CORRESPONDENT

MR. John Pardoe, MP, staged a carpet-bagging raid into the territory of his rival for the leadership of the Liberal Party yesterday, but failed to carry off the prize he was seeking.

The MP for North Cornwall prefaced his speech to the Scottish Liberal conference at Perth with fulsome praise for Mr. Russell Johnston, MP, who withdrew from the contest on Tuesday after failing to get Parliamentary sponsors.

Mr. Johnston, Leader of the Scottish Party, is likely to back Mr. Pardoe, but refused to declare himself until after a meeting with his supporters in London next Wednesday.

He is the last MP to commit himself. Mr. David Steel, the other candidate, has the support of five Liberal MPs and Mr. Pardoe only three. The backing of Mr. Johnston would be of

great propaganda value to Mr. Pardoe.

At a Press conference later, Mr. Pardoe admitted that he has started the race behind Mr. Steel.

"The tough guys of the party are going to vote for me. There may not be enough of them, but we'll give Mr. Steel a run for his money," Mr. Pardoe said.

He made a point of the difference in style between himself and Mr. Steel. Both knew that Liberal policies would "hurt the system," but Mr. Steel was reluctant to admit it for fear of offending people.

The Liberal Party has to change course and its attitude to political power. It has to become a party hungry for power," Mr. Pardoe said.

But people aren't going to change the habits of a lifetime just because he behaves like a gentleman in Scotch kilts on TV.

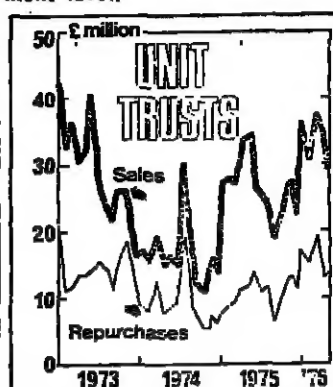
Unit trust sales fall by £5m. in May

By Christopher Hill

HAVING DIPPED in April, unit trust sales fell sharply in May by £5m. to £29.8m. But repurchases remained almost the same at £13.6m. against £13.2m., leaving net new investment £16.2m. down to £15.7m.

The May sales figure was above the average monthly sale in 1975 and repurchases were also lower. Net new investment for May, though the lowest this year, was also slightly above the average for 1975.

But May a year ago was a significantly better month than this year's, with higher sales, broadly equivalent repurchases and a £5m. higher net investment level.



Managers feel that in view of the relatively idle state of the stock market, sales held up well, especially the income and overseas funds. They also point out that the start of the summer holiday season normally heralds lower sales and that this year's sales.

Sales for May included the initial launches of the Wickmoor Dividend Fund and Hambro Overseas Earnings Fund, but it is unlikely that these would have made a significant impact on the totals.

The total value of invested funds fell from £27.4bn. in April to £26.1bn.—which is still better than last year's May total of £25.4bn. The number of unit-holders accounts also continues to decline, with a further drop from 2.77m. to 2.76m. But this does not necessarily mean that the number of unit-holders is falling. In view of the large number of mergers which have taken place in the industry over the past year.

On a cumulative basis, the value of sales for the first five months of 1976 is still ahead of the same period of 1975 at £168m. against £150.5m. But, with repurchases £22m. higher, net new investment for this year's first five months is £46m. lower than last year at £92.5m.

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FINANCIAL TIMES REPORT

Friday June 18 1976

CRANES

Because of the depressed level of U.K. construction
the crane makers are faced with sagging home demand. Happily
the export market is providing compensating outlets.

THERE IS NO escaping the fact that prospects for the crane manufacturers are completely bound up with the fortunes of their major customers. This industry falls into three broad categories of equipment: mobile cranes; overhead travelling cranes; and other types. Mobile cranes are primarily used in the U.K. by the construction industry, overhead travellers by manufacturing industry generally, and the miscellaneous types in docks and ports. So far this year there has been no improvement in the U.K. outlook for mobile cranes since the construction industry shows no signs as yet of a major pick-up in non-housing activity. Only last month the National Federation of Building Trades Employers said that, far from bottoming out, the industry's workload looked as though it might continue to fall for another 12 months or even longer.

Most forecasts suggest that the fall in construction output will be about 2 per cent. This year after the 6 per cent. decline in workloads last year and the 10 per cent. drop in 1974. The industrial and commercial building sectors continue to cause the main concern.

To balance the extremely depressing U.K. picture, however, there is export demand. Two factors are important here. First, the U.K. mobile crane makers have kept well up with, and sometimes ahead of, the international competition as far as the introduction of new technology is concerned. That is why companies like Coles, the Acrow subsidiary, consider this is a growth sector and can point to a 300-crane order from China to show just how good are the prospects. And the 600 Group's completely redesigned, the quintessential Iron Fairy telescopic hydraulic crane range, expects to sell at least 300 in the first full year of production. The second factor is the success of the U.K. construction

companies in winning overseas contracts. Because the U.K. equipment is as good as any in the world and the prices are competitive, the British companies can specify it for their overseas activities. For this reason export demand for mobile cranes from the Middle and Far East, for example, has been rising fast and there are good prospects for the medium and long term too.

Waiting

The main customers for the larger non-mobile cranes are steelworks, port authorities and the electricity industry. The manufacturers of the heavier overhead travellers have been waiting impatiently for the British Steel Corporation's modernisation programme to pick up speed. There were certainly fewer orders coming through for the big cranes early this year than had been expected.

However, the BSC programme should involve the starting of some 40 major new projects of more than £3m. in value during 1976. The delay in starting up many of the planned projects and the effects of inflation have caused the corporation to revise its estimate of total capital expenditure in the period 1974 to 1978 from £2,480m. to £3,370m. Manufacturers at the heavier end of the business can live off their "fat" for up to two years. But the recession has been dragging on for about that length of time already and com-

panies are getting close to running out of work—most can last to the end of the year.

With a large (say 400-plus tonne) steelworks crane costing well over £1m., the BSC could do a great deal to give the industry a lift by placing orders to be ordered—one each in the years 1976, 1978 and 1979. Demand from on-shore facilities is also likely to be more muted than previously expected, at least in Department of Energy forecasts. The electricity supply industry has been suffering a decline in demand and has been drastically altering its forecasts downwards. The most recent estimate is that demand for 1983 will be 52,000 MW against a 1975 forecast of 56,000 MW. Taking account of works in progress and power station closures, the Central Electricity Generating Board has now no need to order new fossil fired power stations for meeting system demand until 1979. On the assumption that as there is

no requirement there will be no spending, then there will be little for the crane makers from this sector of industry.

As for shipbuilding, another of the major customers, the present recession is the worst since the 1930s. The six-fold cutback in demand for most types of new shipping. All this fits the picture painted in the recent Confederation of British Industry quarterly survey which suggested that the volume of manufacturing investment in the U.K. will fall by around 8 per cent. between 1975 and 1978. The survey did suggest that the turnaround could be reached in the second half of this year and that investment in the 12 months ending June 1977 could be up to 10 per cent. higher than in the previous 12 months.

In more specific terms, the mechanical engineering "Little Noddy" has forecast that new orders will rise some 15 to 20 per cent. this year from the very depressed levels at the end of 1975. The main upturn still seems likely to come towards the end of 1976 or early in 1977. By the end of this year order books should be back to near the levels of 1969 but still substantially below, perhaps by as much as 40 per cent. the peak reached in 1973.

So it seems the crane makers will have to wait until at least the end of the year to solve their main current problem of getting new orders. Perhaps this time next year they will be dealing with a different set of problems, like those which occur at times of peak activity and when there are shortages of raw materials and components.

Upturn slow in coming

This report was written by KENNETH GOODING, Industrial Correspondent

for Port Talbot or Redcar or both. The latest indications are that a decision on Port Talbot will be announced before this month (June) is out and the BSC will have in total £800m. to spend there. The malaise within the oil and gas platform building industry has also had its impact on the crane builders. According to the recent report from the process plant working party at the National Economic Development Office, however, it is probable that a further eight platforms could be ordered for installation by 1980 to serve North Sea discoveries likely to prove commercially viable over the next two years. These eight platforms could produce additional total

The industry's line-up

THERE ARE about 30 companies of any great significance in the crane manufacturing industry. Yet only two of them stand on their own and do not belong to a larger group with diversified engineering interests. The two are Herbert Morris and Stothert and Pitt. Even these companies are working at cutting down the relative importance of the crane-making activities by building up other operations. Stothert and Pitt has successfully revived its construction equipment business in recent years to such an extent that it now accounts for about half the £14.5m. turnover.

Morris has been doing some reviving of its own, particularly of its hoist, business and now claims to account for three-quarters of British output. It has begun, also, to breathe life back into its lift (or elevator) making operations and has a long-standing interest in linear motor manufacture. The service side, now called Crane Aid Services, has been built up into a nationwide business, servicing cranes from any manufacturer. And, completely out of the normal run of its business, Morris has the U.K. rights to an anti-shoplifting device and in partnership with C. T. Bowring has formed a marketing company called Senelco to sell it.

It was certainly on the cards that Morris eventually would be swallowed by Amalgamated Industrials, an industrial holding company which had built up a shareholding of nearly 40 per cent. However, at the end of last month a Monopolies Commission report maintained that such a merger would be against the public interest and suggested that Amalgamated should sell off enough shares to bring its stake down to under 10 per cent.

So Morris's chances of remaining independent for at least the medium term seem fairly good. But, as the Monopolies Commission pointed out, any attempt by another organisation to acquire control of Morris would have to be dealt with as a new situation.

Any would-be bidder would have to take careful note of what the Commission stated was the Department of Industry's view. The Department considered Morris to be one of the leading companies in the country's overhead crane and hoist industry with, in recent years, an above-average performance. The Department was concerned to establish a stronger British hoist industry, so reducing the present level of hoist imports. The Department

would not wish to imply that a take-over by a larger group would necessarily be detrimental to either the industry or Morris. However, the Department sought assurance that employment opportunities, growth and Morris's contribution to the balance of trade would not be reduced in the event of a take-over.

Headway

Morris is making headway under the guidance of a new top management team which took over in 1969-70 after some years when the company had been experiencing a relative lack of success. According to its competitors the changes have made an impact in the market place. So we can safely assume that the new management has successfully "saved" this famous old company which started making cranes in the 1880s.

There is a similar story to be told about Adamson Alliance, or Adamson Butterley as this company is now known. In the case of Adamson, however, it was one man's determination to keep the business alive which made all the difference. That man was Colin Griffiths, now 37, who was company secretary at Adamson when the American owners, Alliance Machine, decided they had had enough of this loss-making U.K. offshoot. That was in 1970.

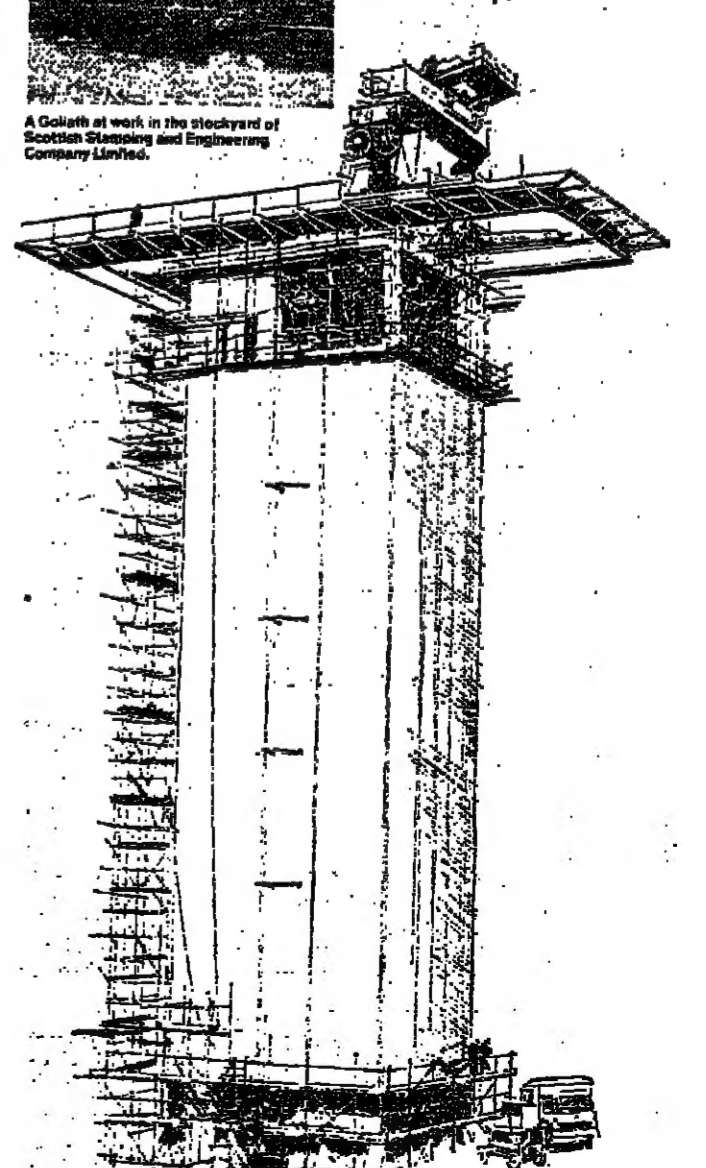
Mr. Griffiths was given a year to see what could be done with Adamson and the U.S. group said it would positively put in no more cash. After a hard-mouthed existence for the next 12 months, the losses had been substantially reduced. Mr. Griffiths went after orders and took a much more marketing-orientated approach. Profits came again the following year. When Mr. Griffiths took over the helm, Adamson's turnover was just £1.5m. a year. This year it will be around £10m. Alliance eventually did sell Adamson because it had its own financial problems in the States. Adamson went first to Crittall Hope (Mr. Griffiths tried hard to raise the £750,000 to buy it for the existing management team but failed) and then Crittall became part of Norcross's engineering division a year later in 1974.

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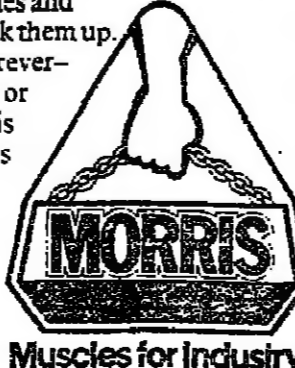
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CONTINUED ON NEXT PAGE

CRANES II

Uneven pattern of growth

IN TERMS of sales, the mobile crane sector is the most important in the U.K. Department of Industry statistics for 1974 show that U.K. manufacturers' sales of mobile cranes were worth £62.6m, compared with £21.5m. for overhead travelling cranes. Dockside and gantry jib cranes had sales of £6.2m, while sales of all other types came to just over £3m. Parts and accessories sales brought in another £15.8m, making an industry turnover of £109.5m. Although the total figures change from year to year, the relative importance of the mobile crane sector has been increasing.

CRANES ANNUAL

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The crane industry enjoyed a fairly rapid growth from the end of the war to the late 1950s. In the first half of the 1960s total crane demand was virtually static (even in money terms). Towards the end of the decade, demand expanded, first for mobile cranes and later for non-mobile types. This rise in demand for non-mobile cranes was the result of a resurgence of demand for steelworks cranes and new developments such as ship-to-shore container cranes

and tower cranes.

But this expansion for the non-mobile sector has not been maintained. The rate of growth has been slow, certainly in real terms, since 1968.

The industry as a whole employs 13,500 people and, out of the 180 or so companies in the industry, there are 150 operating mainly in the overhead travelling crane sector with turnovers of less than £500,000 a year.

There is only limited international trade in overhead travelling cranes because of their large structures and weight. Sales are mainly made in overseas markets with export content consisting mainly of the hoisting and control gear, the remainder of the steelwork being locally fabricated. For example, Herbert Morris is exporting crane "kits" consisting of motors, winches and so on to a number of overseas countries and in Tehran has arranged for Akam Building Industries, probably the largest structural steel business in Iran, to complete them for local customers.

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Assembles

In the other direction, the Norwegian group, Munck, does well in the U.K. selling its "standard" overhead travellers which have capacities ranging from ten to 50 tonnes. Munck brings in machined parts for the driving mechanism and assembles them at its Hebburn-on-Tyne plant where it also makes the "ironmongery" for the cranes. A similar operation is carried out by Demag, probably the biggest importer to the U.K., at its Banbury factory. There are exceptions to this general rule. J. H. Carruthers shipped out £500,000-worth of electric overhead travellers to China Shipbuilding Corporation of Taipei, Taiwan, last year and all seven were fabricated at East Kilbride. The main beams of the first crane were so large that they had to travel

in halves as deck cargo. Then Adamson Butterley built at its Telford works a £1m. steelworks crane with a 420-tonne lifting capacity which earlier this year was shipped out to Australia and to the customer, Broken Hill Pty. This was probably the largest crane of its type ever to be exported from the U.K.

The U.K. is not a substantial producer of container and tower cranes and much of this type of equipment is imported. But U.K. dockside and pedestal cranes are competitive in world markets. Substantial proof of that was the £15m. order Stothert and Pitt received from the Saudi Arabian Ministry of Commerce for 86 standard dockside cranes.

The mobile crane industry has in recent years been subject to considerable technical change and the U.K. has managed to keep pace with other major manufacturing countries.

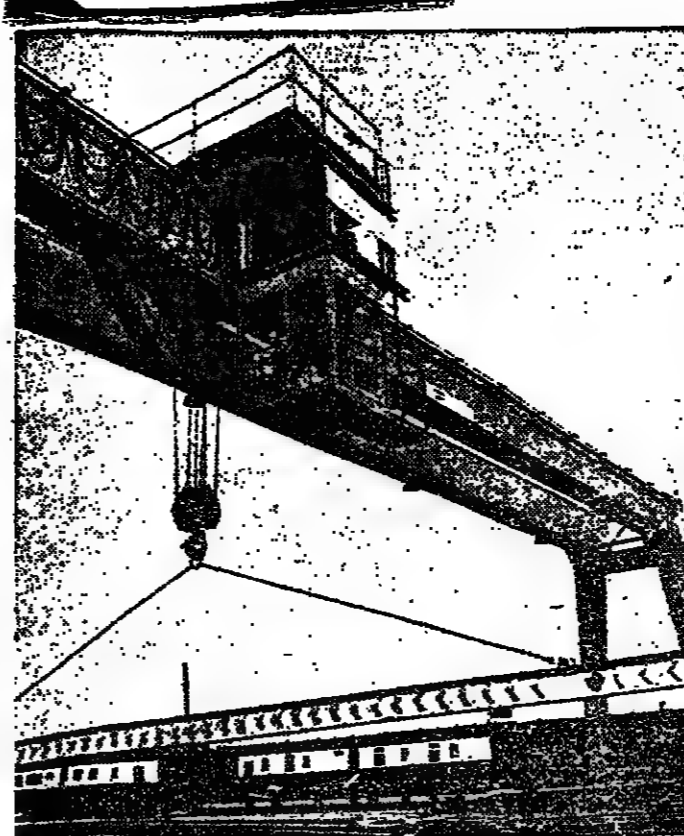
Within the mobile sector there are four main growth areas and these were recently outlined by Mr. David Steel, recently appointed managing director of Coles Cranes, the Acrow offshoot.

(1) The rough terrain crane. This type accounts for about 30 per cent. of the world market. It is essentially a U.S. concept and that is why there are few European manufacturers. (2) The mobile crane with 10 per cent. of the market. The mobile crane has a European tradition with Demag of West Germany (part of the Mannesmann group), Coles and the 600 Group's Jones Cranes dominating world trade with a few Japanese or U.S. competitors. (3) Truck-mounted telescopic jib cranes, with 50 per cent. of the total. All the major industrial nations compete in this sector.

(4) Large heavy-duty lattice boom, truck-mounted cranes with 10 per cent. of the market. This is a sector where there is no Japanese competition. Over the past seven years the telescopic cranes have shown a compound growth rate of 25 per cent. a year mainly at the expense of the lattice boom types.

Coles claims to be the only manufacturer to cover the complete range of "mobiles" and this year is looking to push up exports from 68 per cent. to 72 per cent. of total sales. And the parent company, Acrow, is willing to spend to increase

John, in 1975



A British Rail 15-tonne 25-metre span overhead travelling crane supplied by the Street Crane Company of Derbyshire.

Coles capacity—plans to double production capacity of rough terrain cranes at the Grantham factory are well-advanced, for example.

Jones, meanwhile, has redesigned the old Iron Fairy telescopic hydraulic crane range and is looking to sell 300 of the £20,000 machines in the first year of production.

In recent years the British crane industry has exported about 30 per cent. of its output and the balance of trade in cranes is favourable. However, exports from this country have risen less rapidly than imports since the beginning of the 1960s and the British share of world trade in cranes has fallen.

Balance

In 1968 crane imports into the U.K. reached a level equal to 80 per cent. of British exports and accounted for about 15 per cent. of sales to the home market. Since 1968 there has been some improvement in the U.K. balance of trade in cranes as a result of an improvement in exports. But in the three years from 1972 to 1974 imports were still equal to 66 per cent. of British exports and accounted for 21 per cent. of sales to the home market.

To put this in perspective with some statistics, while U.K. sales rose 62 per cent. from £66m. in 1970 to £110. in 1974, exports for the same period rose 81 per cent. from £27m. to £48m. and imports jumped 286 per cent. from £7m. to £27m.

In achieving export success, U.K. manufacturers have had to cope with some pretty effective technical barriers when trying to sell into the developed countries of the West—including those within the Common Market.

For example, France requires cranes to have ropes different

from those fitted in any other country. Holland insists on stability specifications far more stringent than anywhere else in the world. Italy's technical requirements covering the way ropes are strung from the boom of the crane are completely different from those of all its European partners.

This helps to show why the U.K. manufacturers tend to go for markets outside Europe where they can compete on equal terms with the overseas competition rather than face the protectionist barriers they find while trying to sell in those countries which have crane making industries of their own.

As far as the non-mobile sector is concerned, any success the U.K. contractors have in winning process plant orders round the world will often rub off with orders for U.K. mechanical equipment.

Here the problems of quoting for fixed price contracts during a period when the U.K. rate of inflation is outstripping that of all its main rivals are particularly severe. And there are always the other, unexpected, factors which can make all the difference. To quote an example, one U.K. manufacturer of giant overhead travelling cranes was expecting to get a major order from a British contractor who had bid for a Turkish steel mill contract. In the event the contract went to Russia because Russia offered finance to the Turkish customer at a 2 1/2 per cent. interest rate. The reason behind this generous offer was that Russia had taken a great deal of soft fruit from Turkey and it was well into the "red" in its trade balance as a result. The steel mill contract was one way of putting this right and if exceptionally cheap finance was the way of winning the contract—then that was what the Russians were willing to offer.

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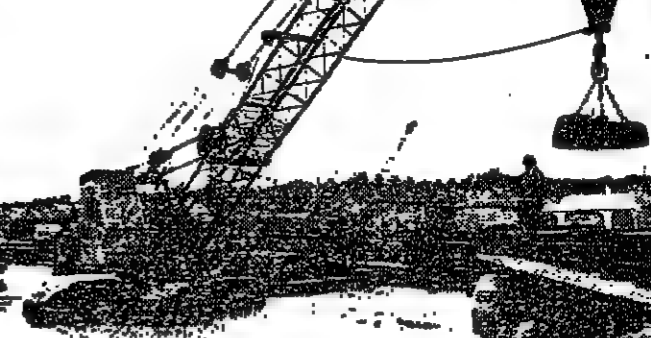
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Line-up

CONTINUED FROM PREVIOUS PAGE

panies as managing director of Adamson Butterley.

Like Morris, Adamson Butterley is in the business of manufacturing overhead travelling cranes although it is at the heavier end of the industry. For example, it recently delivered a £1m. steelworks ladle crane to Broken Hill Pty. in Australia. The crane has a 420-tonne lifting capacity and is claimed to be the largest of its type ever exported from the U.K.

In the overhead travelling crane sector of the industry, Adamson is in competition mainly with Clarke Chapman, Britain's biggest crane manufacturer which can cover the complete range, from five-ton capacity "OHT" cranes to the ability to make 2,000 tonners for the oil industry (so far, though, it has not been asked to make such a monster).

The operations which go to make up Clarke Chapman's crane-making business can be traced back to such famous names as Clyde Crane, Sir William Argol and Wellman Crane Company. Then the old Clarke Chapman group merged with John Thompson, which had its own crane manufacturing interests. The reason behind that merger, prompted by the old Industrial Reorganisation Corporation, was to put together two of the U.K. boilermakers so that they would be better equipped to compete for the nuclear power station contracts to come—it had nothing to do with cranes.

Along with Morris, Adamson and Clarke Chapman in the "OHT" sector of the industry is J. H. Carruthers, maker of the Monobox, which when it first appeared was an entirely new type of overhead crane. Carruthers is part of Burmah Oil's engineering division. There is also J. Smith (Keighley), a maker of giant overhead travellers which is part of the Thos. W. Ward group. Ward's other crane interests include Butters Cranes and Thomas Smith and Sons (Rodley).

There is also Demag Material Handling, a prime competitor

for Morris at the lighter end of the "OHT" business. Demag is a member of the Mannesmann group of West Germany (international sales totalling over £2bn.) and has been building up its U.K. manufacturing capacity by investing well over £1m. at its Banbury factory.

The manufacturers of mobile cranes are really in a different business. The leaders here include Coles Crane, part of its type ever exported from the U.K. Acrow collected Coles, along with Priestman Brothers, makers of crawler and lorry mounted cranes, when it acquired the Steel Group, Jones Cranes, like J. Smith (Keighley), in the "OHT" sector, belongs to a group with its origins in the scrap metal business. Jones is a 600 Group subsidiary, as is British Hoist and Crane, maker of the "Iron Fairy" hydraulic mobile cranes.

In the mobile sector you also find Ransomes and Rapier, which is part of another conglomerate, Central and Sheerwood Trust, since its previous owner, Newton Chambers, was taken over. Then there is Ruston Bucyrus, a wholly-owned subsidiary of Bucyrus Erie of the U.S., and which makes crawler mounted cranes in Lincoln.

The American influence is also felt at Grove Allen, a company resulting from the 1973 merger of Allen's of Oxford and Grove of the U.S. Grove is a subsidiary of the U.S. conglomerate Walter Kidde which bought two crane companies at the end of 1972 (the other was BECO Ernest Beiler of West Germany) to get its first European manufacturing bases. Kidde acquired Grove, which claims world leadership in large mobile hydraulic cranes, in 1967. Allen's was once a Lake and Elliott subsidiary.

Previously Grove had supplied the cranes for which Allen made chassis. Since the merger, plants at both Oxford and Pennsylvania have been expanded with expenditure in the U.K. reaching more than £5m.

To complete this analysis of the industry's structure, the list of the makers of cranes outside either the mobile or "OHT"

sector—such as dockside, pedestal, container or tower cranes—is made up entirely of companies in the other parts of the business. They include Stothert and Pitt, Clarke Chapman, Priestman (of Acrow), Herbert Morris, Jones Cranes and Ransomes and Rapier.

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Munck cranes — from the Goliaths to the Monobox and Duo-box range — all include the same unique, interchangeable design features.

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Munck cranes combine the best possible weight-to-strength ratios, and include many exclusive safety features. There are savings, too, in initial building costs; low headroom design; and low deadweight of Munck cranes means much less supporting steelwork is required.

Munck also manufacture a large range of electric wire rope hoists — for free literature please contact:

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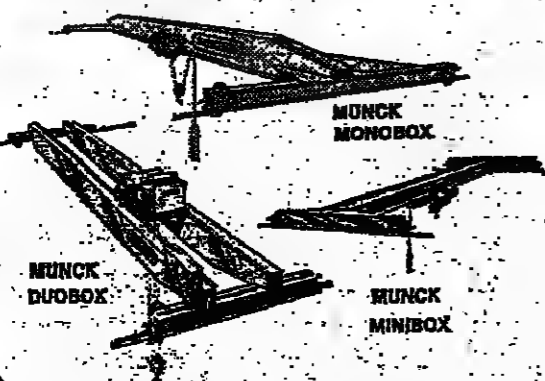
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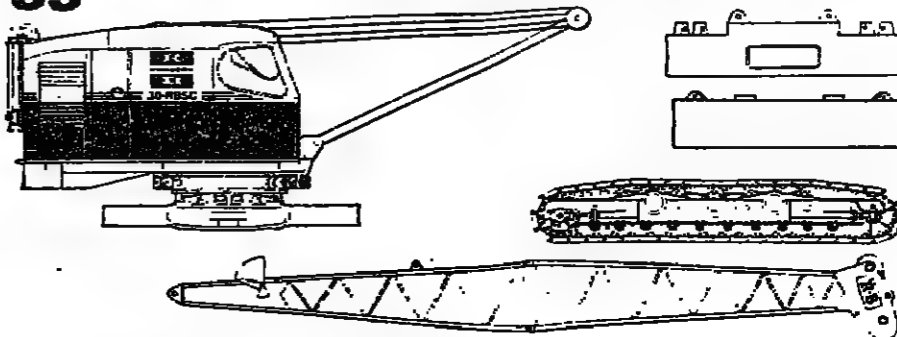
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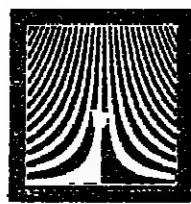
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The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● HANDLING

Making old weigh bridges accurate

FACED WITH the problem of modernising and metricising vehicle weighing at a company plant in BSC's Llanwrnall steel-works, Scrap Processors (SPL) opted for a technique that should interest weighbridge users who need to improve weighing practice without the inconvenience of installing new equipment.

Instead of buying a new load-cell weighbridge, SPL asked W and T Avery if the existing 100-tonne capacity mechanical machine could be converted to electronic operation. Avery inspected the weighbridge and decided it could be converted by fitting a load cell to the output side of the lever system.

By producing electrical signals proportional to weight, such conversions can provide most of the benefits of a full load-cell system. Weighing is upgraded to current standards, with improvements in both performance and productivity.

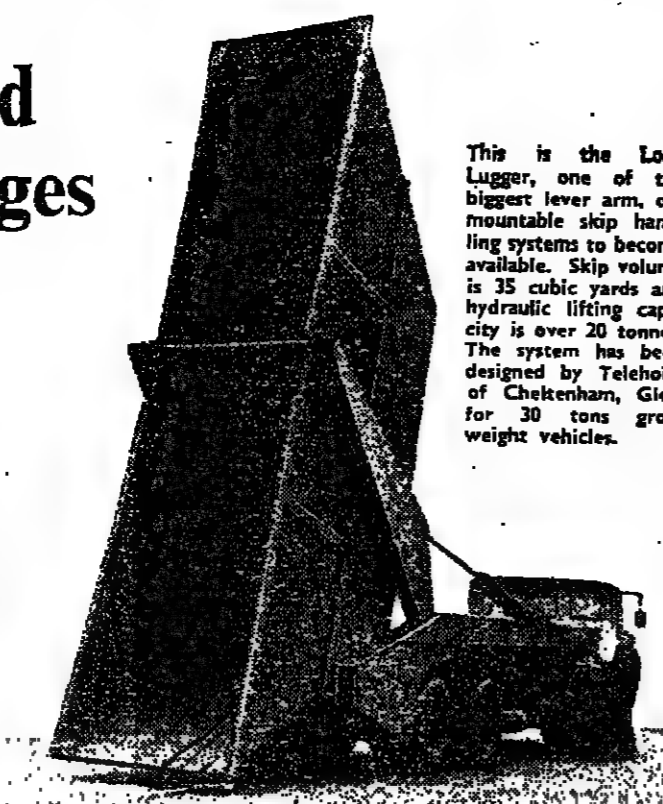
Digital instrumentation can be connected to the cell and, connection being by cable, can be located remotely from the weigh platform, an amenity difficult to achieve economically with mechanical systems. Equally important in many applications, weight data in binary coded decimal form is automatically made available for computer reading at an interface in the instrumentation. Moreover, conversion entails relatively little disruption to normal working. It can be carried out quite rapidly.

Avery is at Smethwick, West Midlands, B66 2LP, (021-538 1112).

● COMPONENTS

Switches to last a lifetime

HALL EFFECT switch technology, pioneered by Honeywell's Micro Switch Division, several years ago with the large-scale introduction of data-processing equipment keyboards based on it, is now being applied to many other forms of switching, the



This is the Load Lugger, one of the biggest lever arm, demountable skip handling systems to become available. Skip volume is 35 cubic yards and hydraulic lifting capacity is over 20 tonnes. The system has been designed by Telehoist of Cheltenham, Glos. for 30 tons gross weight vehicles.

company has announced.

So far as is known, no other manufacturer is making anything like such a wide use of the Hall effect transducer, which depends on the interaction of electric and magnetic fields to produce a powerful signal, a phenomenon known many years before any use was made of it.

The new switches can be operated at up to 100,000 "movements" per second, though applications where even a third of this speed is required are going to be few and far between. They can also withstand temperatures in the range -40 to +150 deg. C and the same remark can be made — though their use under car bonnets would demand resistance to about 135 deg. C.

Immediate advantages of this form of solid-state switching are the absence of bounce, extreme accuracy and no physical contact which would cause wear.

The series includes proximity switches and sensors, plunger types, current sensors and vane switches that can be used as tachometer sensors or shaft position-encoding sensors, etc.

Most electronic circuitry presents no interfacing problem and the devices have been tested up to 12bn. operations without failure.

Further details from Honeywell at Charles Square, Bracknell, Berks. Bracknell 24555.

Safer power in mining

TURBO COUPLINGS for transmitting power in conveyors and mining machinery which, for safety considerations, use ordinary water instead of oil or other inflammable liquids, have been developed by the Voith Group.

Hydrodynamic couplings are not restricted by physical limitations to the use of any particular working fluid and almost all are filled with oil, because the combination of energy transmission and lubrication in a single medium makes for economy in design. But since oil is inflammable it is necessary sometimes—in underground mining, in particular—to use synthetic fluids which are fire resistant.

Voith has now developed a coupling which uses water for power transmission and which has separate lubrication.

In tests demonstrating the coupling's functional efficiency and reliability, its working life has been found to be comparable with that of other types previously used for underground work. The maximum permissible temperature is limited to 130°C and the Voith 140°C safety plug is fitted.

The new coupling is manufactured in all sizes used in the mining industry and is available through the Group's U.K. subsidiary, Voith Engineering, Ambassador House, Thornton Heath, Surrey CR4 7JG. (01-689 0741).

● COMPUTERS

Major moves afoot in the banks

SEVENTY per cent of the 18bn. transactions made each year by European banks are still handled by physically moving bits of paper, says Frost and Sullivan—the international technical market research organisation—in a detailed study it has just published of the European market for on-line banking terminals.

The survey notes that even though the banks employ sophisticated electronic data preparation systems to maintain clients' accounts, they still incur an average of \$8bn. in operating costs just to process their transaction work-load—and the research company estimates that this work volume will double by 1985.

That is why European banks are inevitably going to install on-line systems.

The 217-page study shows that European banks plan to spend \$175m. a year on terminals and automatic tellers and will incur an annual net saving of about \$800m. on this investment over the next decade.

A survey of banks indicates that European banks—commercial, savings, post office and Giro—had an installed base of some 40,000 terminals at the end of 1975 with Sweden accounting for the largest percentage penetration.

France offers the best market potential, the report says, because banks there plan to install 20,000 terminals between now and 1980. Germany's commercial banks also represent a significant market.

A trend away from conventional bank branches to the use of terminals, for example, in department stores, hypermarkets, etc., is accelerating Europe's move to on-line banking.

Indeed, this kind of development is occurring routinely throughout Europe, especially in France. The study does not see European banks adopting credit cards on a widespread basis, except in the United Kingdom and parts of Scandinavia. Greater

● EXHIBITIONS

Opportunity in Brussels

THE 25th World Fair for Inventions is to be held in Brussels from December 3-12.

For the first time, the scope of the Fair has been extended to include companies who may wish to exhibit new products or processes which are already commercially established, but which are available for manufacture under licence.

Inventors or companies who wish to consider exhibiting at the Fair can obtain information from the British Agent—OEM Design Mercury House, Waterloo Road, London, S.E.1. 01-928 3388.

● PROCESSING

Printer to speed up the hybrids

WITH SEVERAL hundred machines to its credit installed in North American markets, DPK Printing Machines (fully U.K. owned and managed) has taken a significant step of selecting a U.S. venue for the launch of its latest and most complex product—a fully-automatic unit for the printing and drying of ceramic hybrid circuit substrates (circuits).

The company's DEK Autofeed

emphasises will be given to other forms of payment, and the current system of clearing cheques by paper will almost disappear by the 1980's, being replaced by a system of "guaranteed cheques".

All of the present ferment in banking has not helped the computer manufacturers. "So far, they have been unable to utilise their existing relationships with the banks to place their own terminal systems," the study notes. IBM, for example, faces stiff competition, though it dominates the mainframe business. Indeed, according to Frost and Sullivan, Philips accounts for more than 20 per cent of the teller and back office terminals installed in Sweden. Datasab is in a preferred position though this situation "will not necessarily continue".

To achieve all this on-line automation, however, banks still need to overcome one major problem area: procedures need to be modified throughout Europe so that payment documents need not be returned to the paying branch.

Magnetic tape transactions will be replaced by direct electronic funds transfer and manufacturers must introduce equipment that can capture both alpha and numeric data. Such systems are under development but many banks worry that nothing is yet available to meet their need.

Copies of the report are available, price £340 from Frost and Sullivan, 110-111, Strand, London WC2R 0AA (01-636 8918).

Long life cartridge for data

SMALLER than a compact cassette but using tape of similar width, this provides a life of over 5,000 passes is the DC 100A data cartridge from 3M.

It is designed for use with 3M's own DCD-1 data cartridge drive (containable within a 5 in. cube) or with OEM drive units. As many as four of these drives may be incorporated into one system, selectable by control circuitry.

The average data capacity of one DC 100A cartridge is 100,000 eight-bit bytes, with an average transfer rate of 2,530 bytes/sec. Tape speed is 30 ips forward and reverse, but 60 ips reverse speed can be specially ordered. The mechanism has a 27 millisecond start delay and 5 millisecond stop delay.

Recording is in serial mode across the full width of the 0.130 in. tape, which virtually eliminates "soft" errors. The encoding technique is independent of tape speed, and control logic prevents the drive from accepting any command that might harm the cartridge.

Further from 3M, Recording Materials Division, 350, Harrow Road, London W9 2HU. (01-236 8044.)

● PACKAGING

Filler for solids and pastes

CAPABLE of filling 5ml. to 25-litre containers to an accuracy of ± 0.25 per cent, by volume, an air-operated semi-automatic machine for handling viscous food, pharmaceutical and chemical products and food solids-in-suspension, has been designed by Neumo, Quarve and Stevens, East Sussex, BN9 5DE (07912 4301).

Rate of filling is up to 35 500ml. 20.1 litre and 15 2.5-litre containers/minute depending on the product. The machine works through a positive displacement pump and reciprocating air motor feeding a three-port rotary valve all mounted on a mobile frame. A shear blade on the outlet port ensures a clean cut-off for viscous and solids-in-suspension products. An interchangeable dispensing head is available for filling liquids.

Four pump sizes are available with interchangeable barrels and pistons. A turret control on the air motor allows a change to any of six pre-set volumes. An automatic counter gives multiple pump cycles for containers up to 25 litres. All contact parts are in stainless steel and seal are in material appropriate to the product being handled. The machine can be operated by unskilled labour.

40000 can operate on the hybrid bases at production rates of 1,200 grate with the 4000 bonding cycles per hour, with only one trimming, redox soldering and operator.

For the past two years the unit has been under development in DEK Printing Machines, 1, Eusebius Lane, London, NW11 3JG. Similar equipment for a major European multi-national, well known in the electronics industry for its almost fanatical insistence on quality assurance. It was officially launched at Nepton, East, New York, a few days ago.

It incorporates a magazine storage unit which goes a long way towards overcoming problems created by the widely varying times needed in the success of hybrid circuit manufacturing.

From the magazine, substrates are fed, positioned, 2500 mm, and 10 x 3000 mm, printed, ejected, placed on a moving belt, dried off and then reloaded into magazines, together to form a strong right hand. All functions are controlled from a single panel near the print head. If a broken or a rake of 14 deg. on 6.5 mm out-of-tolerance unit is pre-machine and 2 deg. on 10 mm sent to the system, the machines. A gap is provided in printer will stop automatically the side frames for trimming so that there can be no damage sheets longer than the machine. The cause of the beam is stopped, by two the stoppage is indicated by double acting hydraulic cylinders coloured lights on the control mounted on the side frame.

The hydraulically operated unit is fitted with a finger down of print better than guard which enables narrow -0.002 inch and is a well-established to be cut. The two-speed lished design used widely in the power operated, back gauge is U.S. and elsewhere. This degree of accuracy allows the unit to a metric electronic digital read be used in conjunction with out. The machine is supplied with a set of carbon chrome steel blades capable of cutting both mild and stainless steel.

Three standard sizes of substrate are catered for—2 x 2, 1 x 1, and 1 x 1 inch; 2 x 1 inch; and 1 x 1 inch, Road, London NW10 6LP (a 600 with other sizes to order. Group company).

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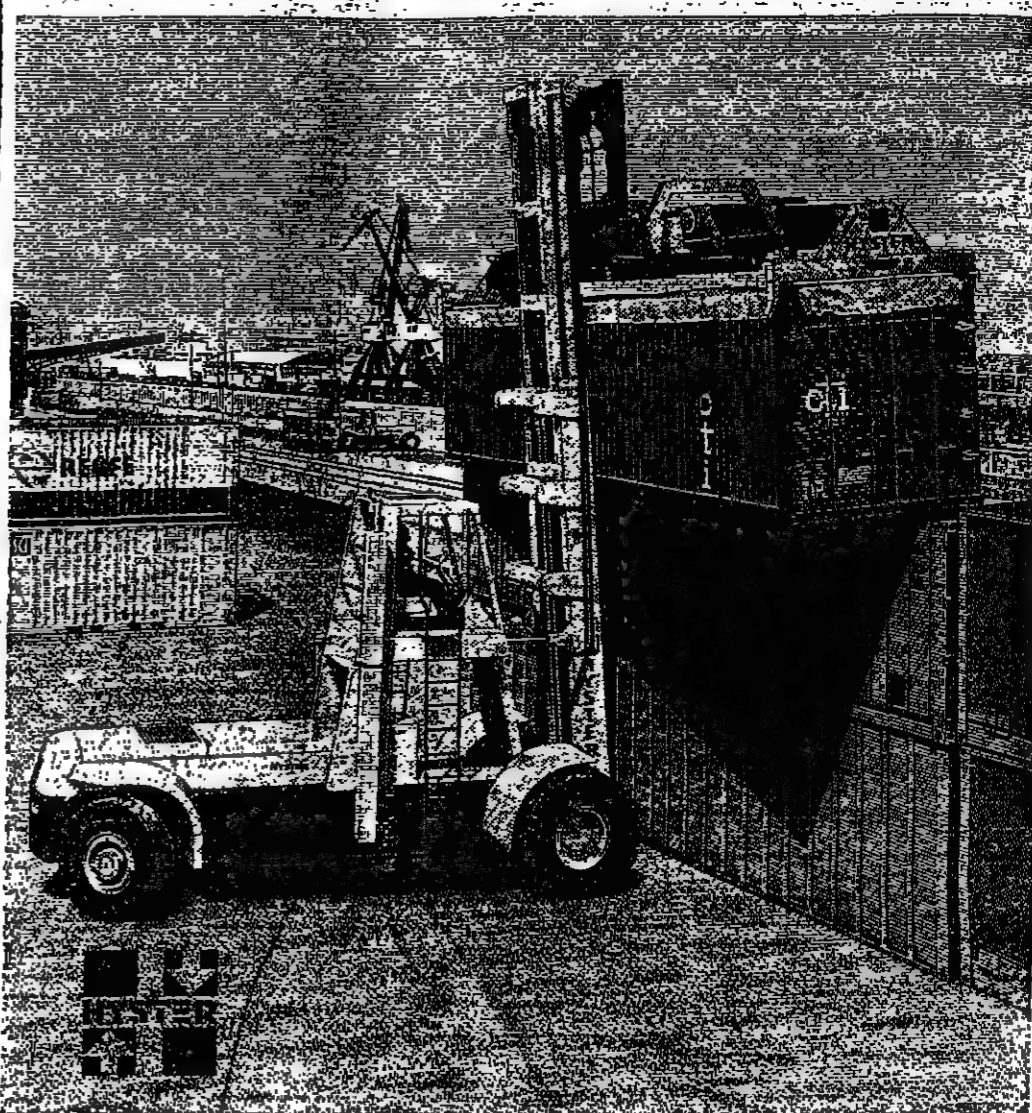
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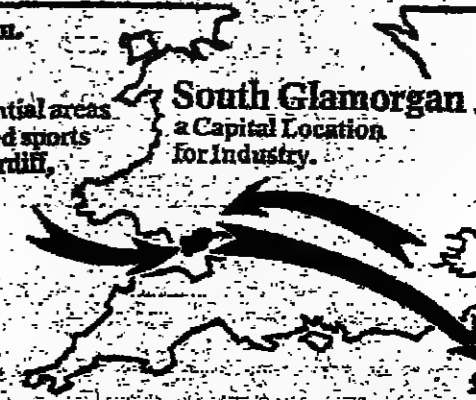
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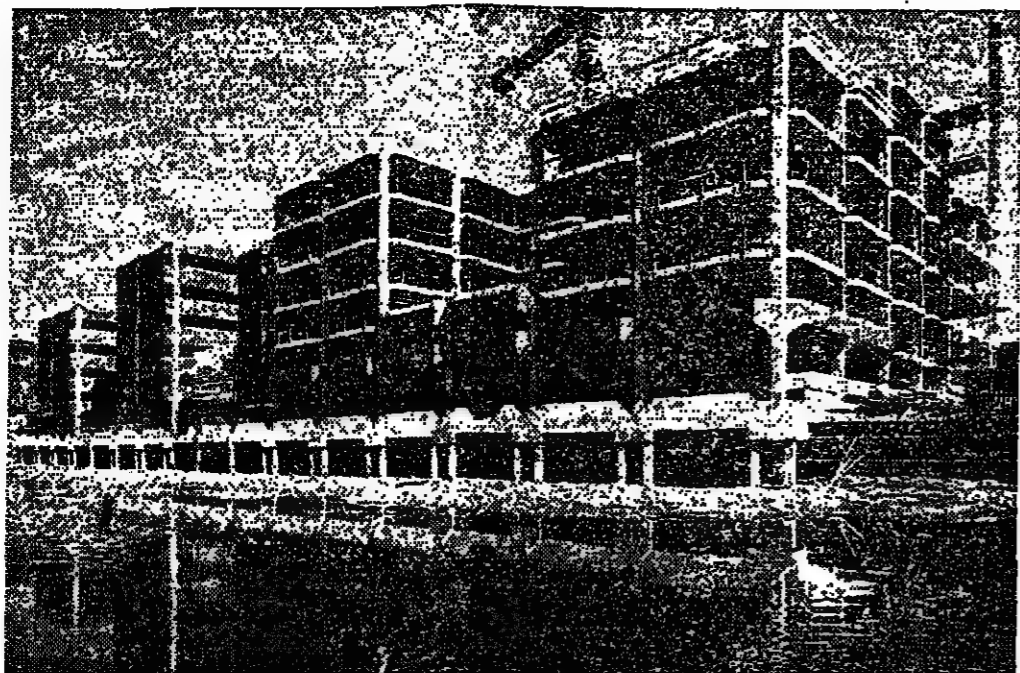
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The Property Market

BY QUENTIN GUIRDHAM



Ariel has 206,000 sq. ft. Dutch letting

In a week when Land Securities' £7m. exchange loss emphasised the danger of sterling's fall to British property companies with unmatched or uncovered foreign borrowings, Rotterdam again provides a rare item of good

development news from abroad. Last month, Town & City Properties sold its 726,000 sq. ft. gross European development to the municipality for £28.6m. Now Ariel Developments' Dutch subsidiary has let the 206,000 sq. ft. net complex above which, as you can see, means it has done the letting some way before completion.

Ariel Developments? Hardly a publicised name, but this deal should emphasise three points: first, that the company is moving fast—apart from U.K. schemes, mainly in the Midlands,

there are three Dutch developments nearing completion and they are all now understood to be fully let. Then there is the success of Gooch & Wagstaff, agents who through their Dutch office have advised from the site acquisition stage onwards. Thirdly, this deal shows that Wimpey has not lost its touch for backing developers while it is also, in the U.K., going out on a new tack as a sole developer.

Ariel Developments is a 50 per cent. subsidiary of Wimpey, 40 per cent. of the rest being

Martin Radford, who combined agency in Essex with housing development and did not enter commercial development until five years ago. After some joint ventures with Wimpey in the U.K., the Ariel link between the two was cemented in 1974. Wimpey's role in the Dutch activities has included guaranteeing the locally-raised development finance. The complex on the Zalmhaven, in the commercial, particularly shipping area, has been built on five-year money, but the letting opens up the prospect of doubling the term.

The theory behind the development, begun at the seemingly unpromising time of January, 1975, was that big units in this location would prove scarce. Europoint, for one, is very much off centre—it is thought that some of the civil servants who will find themselves trekking out there had designs on the Ariel block.

But the tenant, after interest from several quarters in taking at least part of the scheme, is Nederlandsche Scheepvaart Unie, Holland's biggest shipping and transport group (turnover at £450m. last year is approaching the Wimpey level). This must put Zalmhaven among the largest-ever lettings to a commercial tenant by a British developer in Europe. As a single letting, it also ranks high. NSU is moving its head office from Rijswijk as well as concentrating its Rotterdam activities.

The offices are on only five floors, over two floors of integral car parking for 326 vehicles. The external finish is bronze coloured aluminium panels with bronze tinted glazing. The complex looks over the waterfront of the Zalmhaven. Completion is about six months away.

Gooch & Wagstaff, whose speciality is investment funding, are in Amsterdam three and a half years ago. They found this site and took it to Ariel, to which they are retained surveyors.

They are now looking for other possible developments in Holland, West Germany and Belgium and may have a Hamburg office scheme ready to go ahead soon. In their negotiations with NSU, the Dutch group was advised by Kok Bedrijfshuisvesting.

The rental achieved is unfortunately being kept quiet. However, backed by an indexed and reviewed lease which is longer than the common "five years plus five" Dutch model, and with a covenant as good as NSU's, this makes a saleable investment in Holland's quite well developed investment market. The options of longer funding or a sale are being kept open.

In contrast, Harry Norris, Wimpey director, says that in Wimpey's new role as a sole developer in the U.K., "There is no way you can get long-term finance in a form which makes retention possible." The new role is already quite extensive, the result of a policy decision taken in 1974.

Previously, of course, there have been joint ventures—like a half share with Stock Conversion in the Euston Centre—and share stakes like the Ariel one. The Oldham Estate shareholding was the most celebrated and profitable—when the tax bill is settled it should still show Wimpey a £25m. plus profit with a retained 104 per cent. of Oldham thrown in for nothing.

In one sense, both Wimpey's stake in Ariel and its own projects through Wimpey Developments, can be seen as putting some of the Oldham profits back into development, allowing an interval for the height of the boom between selling the shares in 1972 and reinvesting in a market trough.

Among projects already underway are offices of around 40,000 square feet in Basingstoke and in Borough High Street, London; smaller offices in Leeds, with sites also acquired in Woking and Cardiff; and commercial tracts have just been exchanged

on the 150,000 square foot shopping development in High Street, Sutton, which was owned by Stead Investments. This list alone puts Wimpey among the more active developers and supports the case of those who see the logic of developer-contractors being one of the few expanding forces in a new property environment. On these U.K. schemes Wimpey will also do the building "on an arm's length" basis. With Ariel, the position is different: with Wimpey taking a less active, investment role. And for the moment, anyway, Ariel's future looks to be mainly in Continental countries where Wimpey has no contracting business.

Radford, 44, says its interests may soon spread beyond Europe. With about £14m. invested in Holland so far, and £44m. in Britain, Ariel, he hopes, will be a £100m. outfit by 1980.

Fleming buys, merges

The Fleming Property Unit Trust, which rates itself third largest of the property funds for tax exempt institutions, has merged with the £2m. St. Martin's Property Unit Trust (formerly an offshoot of St. Martin's Property and S. G. Warburg) and now manages a portfolio valued at £45m. The way more funds are entering the market is shown by Fleming's with 29 new unitholders arriving nearly doubled its number of clients to 198 in the space of a year.

Of the £2m. spent in the last three months, £6.5m. went to buy five warehouse estates in the West Country and two Bristol office blocks from the M.P. Kent housing and development group. For Kent, this meant the sale of two-thirds of its completed industrial and commercial portfolio.

The Financial Times Friday June 18 1976

Kent call the average initial yield to the purchaser 8 1/2 per cent. Fleming makes it a net 6.97 per cent. Either way, the point for Fleming is that it regards all the properties as reversionary, calculating that the yield will, on current rental values, move to 7.7 per cent by 1979 and to 8.8 per cent by 1981.

Though £21m. liquid at its year end in March, and with another £3.9m. inflow since then, Fleming has now spent, or is well on the way to spending, all but about £2m. of this. Estimated yield for this year is 6 1/2 per cent.

Land and House sees same profit

PROFIT FOR the half-year ended March 31, 1976, of The Land and House Property Corporation, before taxation, development expenses and expenses in connection with the withdrawal from Australia, was down from £529,325 to £416,236, but the directors anticipate the year's figure to be similar to last year's £520,029.

The net surplus on properties acquired for resale included in the figures was £22,243 (£250,120). These trading profits arise on an irregular basis and it is anticipated that there will be an increase in this item in the current half-year. An unchanged interim dividend of 1.723p per 50p share, costing £174,452, is declared. The 1974-75 total was 3.753p.

OUT AND ABOUT

Acrow has let its refurbished 20,000 square foot office, the Steel House, at Field End, Eastcote, Ruislip, Middlesex. Initial Services, which will most of the space as its Green London offices and company centre. Rent is £102,000 a year. Leighton Goldhill acted as initial, Richard Ellis for Acrow. The two have been retained to let a spare 4,350 square feet. Those carefully watching lengths of leases being given by local authorities may note partnership deal negotiated. Donaldsons, acting for the Council for the development of 3.5 acre site. The agreement gives for a 150-year lease to developers at a basic ground rent leaving the council as holders to receive a major share in profits. Construction will be shortly on the 66,000 square ft. of warehousing. Donaldsons building department will manage. The site is facing a link road between the A2 and A41 and asking rent is £150 a sq. foot.

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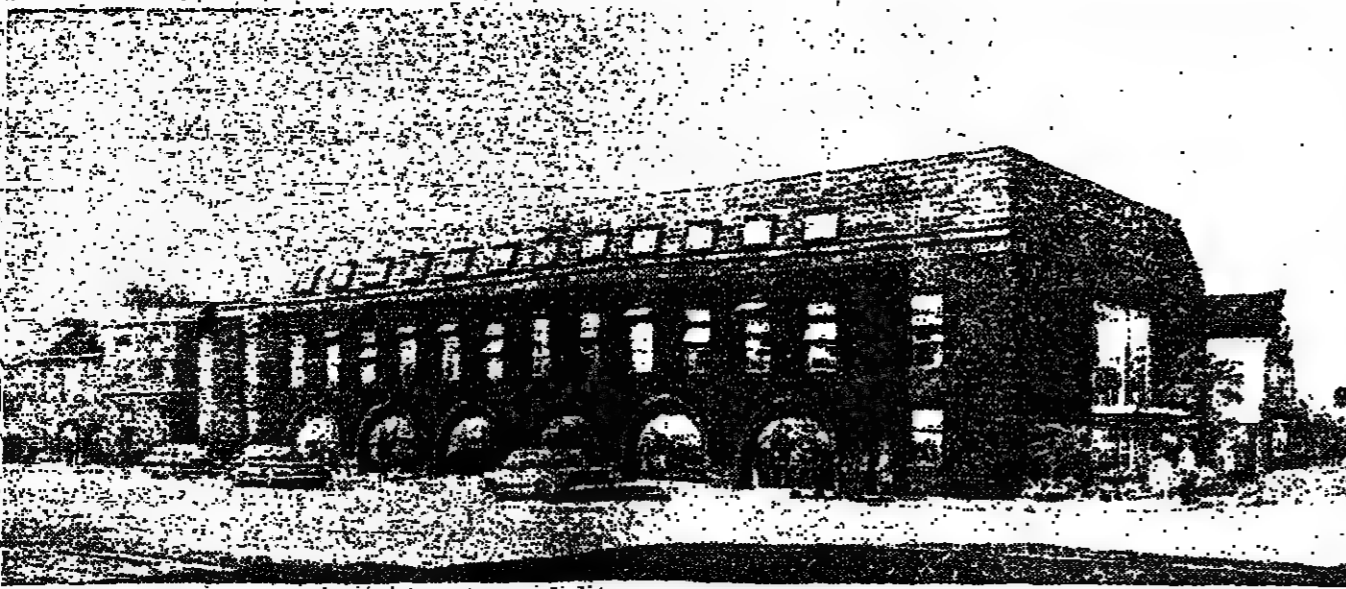
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St. Paul's House, Canterbury, a new office development by Whitbread Trafalgar Properties which will be ready for occupation in November.

Canterbury offices ready soon

What could well be the last new office block to come onto the market in Canterbury for some years is due for completion in November. Developed by Whitbread Trafalgar Properties Ltd., the building to be known as St. Paul's House provides 7,348 sq. ft. of offices on two floors with 3,858 sq. ft. of showrooms on the ground floor.

Canterbury has proved to be one of the most successful of South-Eastern centres in attracting commercial firms from London. The Institute of Bankers and Clarksons, International Insurance Brokers have recently moved into the city with the result that very little new office accommodation is currently on the market.

One of Canterbury's big advantages as far as relocating firms are concerned is the substantial pool of both clerical workers and middle rank managers who live in the area yet travel to London to work. Firms who have already taken the decision to move to Canterbury have found few problems in attracting new employees—often at salaries substantially below those prevailing in central London.

The city and its surrounding areas also provide an attractive environment in which to live and work. It is 30 minutes from the Kent coast yet only 30 minutes by rail from central London.

St. Paul's House is the ninth office development to be carried out by Whitbread Trafalgar—

the joint company set up by the Trafalgar House Group and Whitbread to rationalise the latter's property assets.

It is situated on Broad Street—Canterbury's ring road—at the corner of Church Street, adjacent to the new Magistrates Courts and close to the Cathedral.

Architects Ronald Ward & Partners have designed the building to blend with the surrounding properties. It consists of a reinforced concrete frame with brick facades and arched windows for the ground floor showrooms.

Floor loadings for the upper floors allow for 100 lbs per sq. ft. loading including partitions. In the office areas the walls and ceilings will be plaster finish while the showrooms will be in shell form.

The development provides seven car parking spaces and additional public car parking is available nearby.

The main office entrance is in Church Street so that traffic using the building will not interfere with that on the ring road.

A rent of £150 per sq. ft. is being asked for the development. Agents for the scheme are Jones Lang Wootton (01-493 6040) and Finn-Keizer Collier & Ashenden (0227 65527) who are offering the lease on a 25-year term with rent reviews every five years.

While the agents would naturally like to let the entire building as a single unit, they are prepared to consider div-

ing it up by floors.

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One interesting feature of the development is the retention of the old Dukes Head public

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The Dukes Head public house which has been restored as a part of the St. Paul's development. It will be used as a shop selling reproduction furniture.

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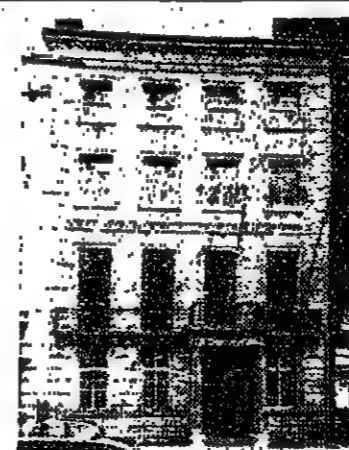
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Property

PROPERTY

The Financial Times is planning to publish a Survey of Property. The provisional editorial synopsis and dates set out below.

TE: Monday, 19th July, 1976

Introduction

Over the last year the speed with which investment confidence in well-let property has returned has surprised some observers. Weight of institutional demand suggests an increasingly competitive market in most large rack-rented buildings and some reversionary sectors. This provides bankers and investors with a base to judge the survival course of heavily borrowed property groups. What still seems remote is any 'orderly dispersal' of assets in failed companies tied to development sites and secondary properties. Development funding, influenced by community land scheme fears, state rental values, bank restraint and institutional demand for complete cover, is the problem it also contributes to dangers of overheating in the prime investment sector.

Investment

Where the funds have returned and why. Likely influences on future investment criteria. Are the funds willing to become the developers of the future?

- Insurance and Pension Funds
- Property Unit Trusts
- Property Bonds

Banks

Total advances to property companies have been obstinately slow to level off, but the support operation continues. How the banks are deciding whom to enforce their security and their experience as reluctant developers.

Government

The principle that a stable property market is vital to the economy has been accepted. New attempts to monitor the industry and prevent the volatility of the post-war period. How far is a bi-partisan approach likely?

- The Community Land Act — How the town halls are approaching their responsibilities.
- Development Land Tax — The new arithmetic of project planning.

Offices

A Whitehall report has queried the efficiency of ODP policy and suggested alternatives, but the Government is sticking to the present system with minor modifications. Anticipation of office relocation is one factor in a patchy office market, but letting demand is increasing in most areas.

- Location Planning
- Rents
- Investment

Industrialists

The pattern of recession was clearly marked by weakness in factory and warehouse demand. While investment has increased, and the Stock Market has shown its approval of industrial developers, the letting market is still uncertain. Government is trying to forestall a lack of suitable space when the economy picks up both by its own building programme and by some relaxation of IDC control, but there are many signs of its bolter.

- Incentives and Controls
- Rents
- Investment

Retailing

Prime retailing space has perhaps survived recession better than any other market sector, both in letting demand and investment terms. The era of city centre development largely dictated by planning attitudes to hypermarkets.

- Planning Controls
- Rents
- Investment

Housing

Despite record lending levels by building societies, house prices are increasing slower than inflation. As a policy designed for home buyers, this steadiness is encouraging for the long term, but private sector starts show how tough it is for developers to recover escalated building costs.

Farming

Commercial investors have shown renewed interest in agricultural properties and in the direct management of them. Why low initial yields are acceptable in this area of fund management.

Valuation

The past three years have posed extreme problems in valuation and shown up weaknesses in the system. A determined attempt is being made to find common standards and opinion outside the industry favours a regular assessment of worth.

- An 'Open Market' Formula
- Cash Flow Arguments

Agents

Changes in the market have left agents with greater responsibilities than before, and, through the reversionary sector, their activities are also under increased public scrutiny. There are increasing efforts to impose self-regulation in professional standards.

Stock Market

Property shares have lagged behind the general indices and institutions appear to favour direct investment. The effect of company failures on investment confidence. Interest rate doubts increase the difficulty of judging the merits of many quoted groups.

- Market Trends
- Quoted Company versus Direct Investment
- The Analysis

We would not be the first to say that the property market is a complex one, but it is one that is becoming increasingly important in the eyes of the public and the government.

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Exports priced in foreign currencies

A SHIFT towards pricing longer-term export contracts in foreign currency rather than sterling has been one of the more perceptible reactions so far by large British companies to the pound's heavy fall of more than 10 per cent in a few weeks. "If you try to jack-up a sterling tender price enough to allow for three years' inflation, the necessary allowance puts you out of court in international competition," is how a director of one major industrial group explains the changeover.

Among companies' responses to the cheapening pound, there has also been some increase in protective forward exchange covering the arrangement by which, for a charge, one can fix the exchange rate at which pounds or other currency will be bought or sold at a future date.

A sharp decline

So swift and sharp has been the decline in the U.K.'s currency in the past few weeks that company directors are still considering the complexities of the largely unexpected movement for their pricing and financial strategies. How these matters are arranged could have an important impact on the success of Britain's export drive, which is expected to boost shipments abroad by some 9-11 per cent this year.

One impression which comes across clearly from initial company comments on sterling's somewhat bumpy ride recently is that, although adjustments of policy are being made, there have been few panicky or hasty alterations. This is an appropriate reaction because the volatility raised by sterling's fluctuations is far from simple, to be met in connection with and action depends on many factors, including the nature of business and expectations, affect the response of exporters about the pound's future trend.

Moreover, industrialists see themselves as primarily dealing in goods rather than money and are naturally disposed to take their time in responding to currency movements, rather than making the minute adjustments familiar to financial market operators.

But changes in pricing policies have been occurring gradually for some time as the pound's worldwide use has declined and particularly since the 1967 devaluation when sterling's value was cut by some 15 per cent. Shipping companies, with their worldwide trade involving the bulk of receipts arising abroad, started to move towards invoicing freight in terms of the growingly dominant dollar after 1967. More recently, the concept of

The most significant current shifts towards pricing in foreign currency appear to be mainly where longer-term contracts are involved. Here, a definite change has been taking place towards this form of pricing for orders which will take several years to complete.

The point is that fixing the price in a strong foreign currency gives assurance that if inflation forces up the sterling cost of fulfilling the contract,

the price will be paid in a currency which should also rise in value in terms of pounds.

The trend also to some degree extends to shorter-term contracts. One major group which has recently further reviewed its policies in this field is GEC, the electrical combine with some £400m. of exports a year. In January, 1974, the company, traditionally a seller in sterling, became more ready to accept payment in harder currencies such as dollars and Deutsche marks.

Now the top management has told operating units that they should adopt a more flexible approach towards pricing in a

quick-delivery items such as consumer durables, supplies direct to foreign buyers are normally invoiced in sterling. But the prices themselves are kept under review in the light of local considerations overseas and of exchange rates.

Where such goods are sent to the group's own overseas subsidiaries for sale by them—and this is so for a substantial volume of business—the selling prices are fixed in the light of local conditions and of what the market will bear. This can be expected to enable the company to reap reasonably quick benefit from an appreciation of foreign currencies in terms of the pound. Where GEC has an

overseas sale contract with an element of local expenditure, it encourages the customer to pay the appropriate part of the price in foreign currency.

As to the handling and disposition of export receipts, GEC insists that it does not try to re-phase the repatriation of foreign currency earnings when-ever views change on currency. "We've got money coming into our coffers daily from overseas, spread over a tremendous range of products. Payment for ex-

currencies." For the bulk of GKN's exports—including sales of short-term delivery items, and long runs of components—where sales are priced in sterling, arrangements usually allow the price to be adjusted upwards at intervals in line with increases in costs, such as steel, and other factors.

Loans raised in dollars

One of the most serious consequences of the declining pound has been in boost the cost in sterling terms of repaying loans taken in foreign currency. Over the past few years, a number of companies have raised loans in dollars, D-Marks and other hard currencies, attracted at the time by the differentially low level of interest compared with that at home. In the event, the extra burden of servicing and repaying the loan has now in many cases far more than outweighed the original interest rate advantage.

The problem is not so troubling when the company has used the cash to buy foreign assets whose values have risen in step with the debt, but uncovered foreign currency borrowing tends to involve provisions and write-offs. Land Securities Investment Trust, Trust Houses Forte, and J. Lyons are among groups which have been facing these problems.

These are some of the issues arising for British companies from the present conditions of currency uncertainty, compared with the opposite extreme during the period of exchange rate stability which prevailed up to 1972, when the pound was floated. Most are learning to live with less stability, though sometimes learning the hard way.

'Industrialists see themselves as primarily dealing in goods rather than money and so are naturally disposed to take their time in responding to currency movements, rather than making the minute to minute adjustments familiar to financial market operators'

DESIGN MANAGEMENT

Study of State practices

AN INVESTIGATION into the employee with GEC's domestic impact of the management of appliances division, who has industrial design in State-owned won this year's Burton Group organisations, probably centred design award—last year's award on the telecommunications led to a study by a London industry, is to be mounted Business School graduate into during the coming months by a design management in the graduate at the Manchester fashion industry.

Mr. Shires' interest stems from a belief that nationalised year-old former management and other State-owned concerns

have a wide-ranging impact on the quality of the management of design both as producers of their own products and also as purchasers of products made in the private sector.

The State therefore has a large direct and indirect influence on the quality of design of many goods and services in Britain today, says Mr. Shires, who is also concerned about the impact on export markets in the EEC and elsewhere.

He intends to ask two basic questions. The first is: "Does the State by laying down specifications and standards geared to national requirements actually restrict the export capabilities of its suppliers?" The second is: "Should the State start to think more internationally in its specifications and standards?"

Choosing one State organisation for an in-depth study, Mr. Shires will see how its management uses design as a concept and how it manages its design affairs. Then he will ask what its attitudes are towards design, how these attitudes are reflected in policy decisions, and how this affects the organisation's suppliers.

"In particular, I am thinking of export markets whereby the State could improve their suppliers' ability to export by being more international in its outlook. It is all very well for a faulty pound to make British goods cheaper abroad, but if these goods are not well designed for the needs of foreign markets, they will not be bought, no matter how cheap they are."

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Thursday 1st July 1976, London Hilton, 10.30 - 12.00

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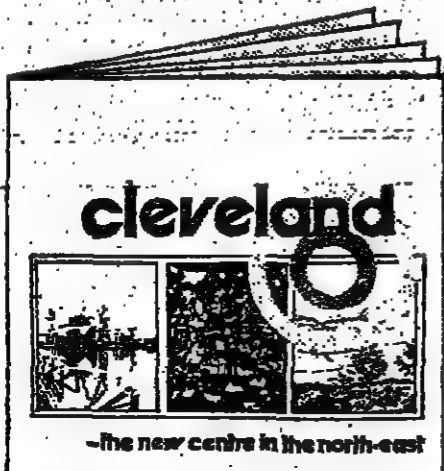
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FRIDAY, JUNE 18, 1976

The price of apartheid

THE RACE riots in South Africa and the heavy toll of dead and wounded are not merely tragic in themselves and for what they highlight in the relationship between the South African Government and the black population. They will also have a seriously damaging effect both on Mr. John Vorster's long-drawn-out campaign to achieve some modicum of an accommodation with other countries of black Africa and on his attempts to exert a moderating influence on the policies of Mr. Ian Smith, Prime Minister of Rhodesia.

The repercussions which the shootings in Soweto may have inside South Africa itself can scarcely at this early stage be predicted. With the forces at their disposal, the South African authorities should not have any great difficulty in restoring law and order, though the fact that the rioting and destruction has spread over into a second day may be taken as an ominous indication of the intensity of pent-up resentment and hatred felt by the blacks for the regime.

Black resentment

It may also be significant that the trigger for the outbreak of violence was a demonstration by students against what they evidently feel is the cultural imperialism of the Afrikaners. The grounds for black resentment are, of course, far wider than any argument over the choice of Afrikaans rather than English for use in schools. But the fact that language sparked off an explosion on this scale may well be a pointer to the tensions built up by the whole structure of the apartheid policy. Yesterday's violence was given further impetus by looting and drunkenness, but it would be over-anguine to suppose that once law and order is restored, South Africa can easily return to the status quo ante, even if the government rescinds its decision on the use of Afrikaans in schools.

It took a decade or more for South Africa to live down the international shock caused by the shootings at Sharpeville in 1960. In recent years Mr. Vorster has conducted a slow and painful campaign to woo the opinion of the outside world,

Credibility

The flaw in his delicate policy is that it has included no suggestion of any change in the underlying policy towards South Africa's own black population, no attempt significantly to improve the political and economic condition of black Africans inside the Republic. The violence at Soweto exposes this fundamental flaw only too clearly, and the police shootings are a reminder that the South African regime is one of repression, not accommodation.

Following South Africa's wild adventure in Angola, the Soweto shootings must almost inevitably put an end to the informal dialogue painfully established with certain African leaders. Just as certainly, it must destroy Mr. Vorster's credibility as a moderating influence on Mr. Ian Smith, for South Africa can no longer pretend to persuade Rhodesia against reliance on rule by force. Next week Mr. Vorster is scheduled to meet Dr. Henry Kissinger, U.S. Secretary of State, and in Congressional testimony yesterday Dr. Kissinger still appeared to believe that the purpose of the meeting would be to see whether South Africa is "prepared to separate its own future from that of Rhodesia and Namibia." Yet it is difficult to see what he can now say to Mr. Vorster, or Mr. Vorster to him, unless there were to be a radical rethinking of South Africa's domestic policies—and of that there has been no suggestion.

In Rhodesia the phase of trade sanctions, though still the policy of the U.N. is being overtaken by the new phase of guerrilla war. South Africa's place in the international context is different, since its regime, whatever its policies, is legal. Yet it will take a long time, and a change of policies, to live down the shock of Soweto.

Cut-price holiday flights

IT IS entirely natural that the Civil Aviation Authority should be taking an interest in the development of holiday packages in which the standard and value of the accommodation offered is so low as to make the package a virtually undisciplined method of cutting air fares. Excessive competition, of the sort which led to the sudden collapse of our operators, could conceivably run against the interest of their customers. But it is certainly to be hoped that the Authority does not interfere unnecessarily in this field, and there is some reason to suppose that it is biased in favour of pushing down standard economy fares at least as much as in favour of pushing up cut-price ones.

The general attitude of international airlines towards price-fixing is determined by their membership of the International Air Transport Association, a cartel which exists partly for the sake of regulating competition between members in their common interest. It might well be argued that the very existence of such a cartel is objectionable from the customer's point of view. But aviation is so much influenced in many cases by government policy that the abolition of the cartel would not necessarily lead to free competition.

Package deal

In any case, IATA is having increasing difficulty in enforcing its own rules on member airlines, many of which have tended to meet the difficulties caused by much higher fuel prices in a period of recession by more or less surreptitious rate-cutting. But the idea that there should in general be a common tariff, with cheaper tariffs being the exception rather than the rule and the use of them strictly circumscribed, has become a part of airline thinking. For this reason IATA itself tends to be slow in allowing for new and cheaper tariff

Not hostile

What if it then did was to raise the proposed level of new cheap holiday special fares while refusing to sanction the proposed increase in normal economy fares to destinations in Spain and Portugal and approving the group. Threw scheme under which any passenger to these destinations who can persuade two others to travel on the same scheduled flight is entitled to a major reduction in the fare for all three. Clearly, the CAA thought that the differential between cut-price and standard fares was too large. "If, as we believe," it concluded, "the new fare as modified is economic, the very large premium demanded for the normal fare loses its credibility." Whether similar considerations apply to the same extent to other European holiday destinations is a matter for future investigation, but at least the CAA seems much less instinctively hostile than IATA to sensible price-cutting.



Dr. Johannes Witteveen, managing director of the IMF, Mr. William Simon, U.S. Treasury Secretary and Dr. Arthur Burns, chairman of the Fed, will be keenly watching Mr. Healey.

Our creditors believe that U.K. public spending must be cut. M. H. Fisher reports

A time for words, then action

SOMETIMES it can be highly instructive to be abroad when Chancellors of the Exchequer make major announcements in the House of Commons. It so happened that I was in the United States when Mr. Denis Healey proclaimed that once again the rest of the world had rallied round to provide a massive credit to support sterling.

"There is," he said, "no economic justification for the fall which has taken place in recent weeks. It goes beyond anything required to make good past (my italics) differences in rates of inflation." Markets, however, are not concerned with the past. They may and do evaluate past performance but only with the object of determining a behaviour pattern for future prices. And on that basis there was virtual unanimity before the credit package was announced. Sterling had only one way to go, and that was down. How far down nobody could know, though there were plenty of people ready, as always, to pluck a figure out of the air.

The crucial point was that there were those who had bought pounds when the rate had gone through \$2 to \$1.84. They had been proved wrong. They were proved wrong again at \$1.85 or \$1.75. They had burned their fingers, time and time again. They were determined thenceforth to shun the fire.

It is important to be very clear that one is not talking here of the traditionally portrayed "sterling short." The repeated plunges of sterling were not caused by a series of speculative raids. The decisions were taken by those who, in the course of their normal commercial transactions, were involved in exchanging sterling for foreign currencies or vice versa. They looked at the recent record and decided that they would not expose themselves to loss. In this context it is worth reminding ourselves that a fortnight's shift in the "leads and lags" of visible and invisible payments can cause a swing of \$30n. There was no need for any speculators in order to pro-

Words left out

The Bank of England announcement of the credit arrangement said that the participating financial authorities, "noting that the recent fall in the value of sterling under exchange market pressures had led to disorderly market conditions which carried sterling to an unjustified level, today agreed..." The words in italics did not appear in the statement which was published in Washington. The most succinct comment on that omission was made to me by one very senior official who said: "Policies must be able to stand the test of the market place. If the market rejects them and goes on rejecting them, it is no use saying that the market is wrong. It is the policies which have to be changed."

What are these policies of which the market disapproves? The answer came back with complete regularity from top officials and bankers alike. Government spending must be reduced and the public sector borrowing requirement cut. The emphasis is very much on the spending side. "How," I was asked, "can you expect the economy to produce and people to invest if every form of incentive for them to do so is destroyed?" This, I hasten to add, was not some unconstructed

representative of the "unacceptable face of capitalism." He was stating a view which not only was universally held throughout Washington but which had also been vindicated by the policies pursued by the U.S. in the last couple of years.

For the Americans, like the Germans, have accepted that you cannot get unemployment down unless you control inflation first. They have been proved right in that belief, not only right in economic but also in political terms. Unemployment is not an election issue in the U.S. Any sign that inflation is accelerating again would be.

The recipe for success, the argument runs, the essential precondition for a sustained recovery in the U.K., is that the public sector must take a smaller share of available resources. If possible tax rates should come down. Spending and the public sector borrowing requirement must come down. On timing, there is some inclination to give the British Government some breathing space, if not much.

There are those in Washington who feel that this should be made this year. There is at least a suspicion that when the U.K. wrote its letter of application for the drawing from the International Monetary Fund last December it pulled a fast one. Mr. Healey's letter to Mr. Johannes Witteveen, managing director of the Fund, stated that the public sector borrowing requirement in the "present financial year" (that is 1975-76) might turn out to be as much as £12bn. The expectation was that for 1976-77 the figure would turn out to be the same. But the actual figure for 1975-76 was estimated to have been £10.55bn. Were there really no signs by the end of last year, the suspicious might enquire, that we were going in underestimation, and that this year's anticipated £12bn. would thus represent a sizeable increase?

Be that as it may—and the majority view is certainly to give the Treasury the benefit of the doubt—there is total agreement that the £12bn. for this year must be rigidly adhered to, and that this must be achieved

through action on the expenditure side. If the British Government were somehow or other to find it possible to chip away at that figure this year, the market impact, it is felt in Washington, would be quite disproportionate to the actual sums involved.

For next year the message is loud and clear. The public sector borrowing requirement must come down to around \$8bn. No one in any way believes the courage of the Government in having pushed through the pay policy which was so overwhelmingly endorsed on Wednesday. But no one believes that a pay policy, by itself, brings down the inflation rate in this country and keep it down unless the fiscal and monetary stance is appropriate. In this connection, the generally held view is not only that the tax system must allow for the necessary incentives; there is also the macro-economic point that one cannot hope to tune the economy so finely that room is made by the public sector, both in terms of physical capacity and claims on the financial markets, at the exact moment when export and investment demand is there to fill any gap. Resources are not instantly transferable, and a plant which does not have room to grow is permanently stunted if it does not actually die.

Our creditors have enabled us, in a little time, to buy a little time. At its bluntest, their attitude is: "If you take the necessary measures now, if you re-establish the credibility of British economic policy, you will not have to draw on the credits. If you draw, you will not later than six months from now have to repay and finance the repayment through a drawing on the IMF on conditions to be negotiated sometime in October." There lies the conditionality of the credits. And there is no reason to believe that the Fund takes a different view from the U.S. Administration on what has to be done.

This, everyone assured me, was last-chance saloon. Once or twice I could not help wondering whether British Ministers, struggling with an unsympathetic world clearly do not count as "social progress."

The decision has persuaded the independents "in the circumstances" to withdraw their entry in the music category. HTV's Bold as Brass. Despite the title, there is nothing of the Naked Civil Servant in that programme: it is about musicians from many countries, including Czechoslovakia.

As for the BBC, it still has its entry. All Clouds are Clocks, taking part. It is about the composer George Ligeti, Hungarian-born, but now living in Austria for which the Czech festival organisers appear to be forgiving him. Should the BBC production be too bourgeois for some tastes, there is always the first appearance at an international festival of a Mongolian TV programme to look forward to.

Afraid to explain

In contrast to, say, a year ago it is now widely thought that British Ministers know what should be done, but for some reason are afraid to explain it to the British people. Yet the truth is so self-evident that the Americans say, the British people would understand if only the Government came clean.

"Why," I was asked in Washington, "did not the Chancellor start on the good work on the day he simultaneously announced the credits and the new long tap? Why did he not say that the stock was specifically designed to mop up excess

MEN AND MATTERS

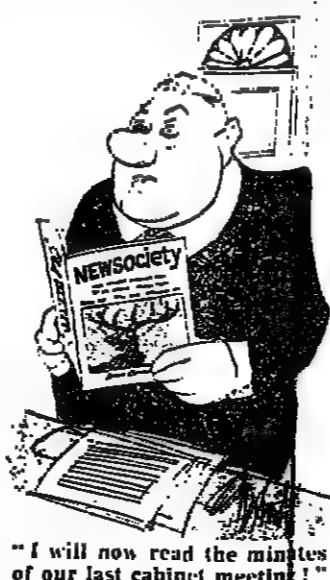
The tithes depart

I mentioned yesterday the Mormon church's tithe system in contrast to that story of expansion, a relic of the Anglican church's tithes is due to vanish with some 50,000 landowners being relieved of their obligation to pay tithe redemption annuities to the Government after October next year.

The annuities originated in 1936, when the Government took over liability for paying the medieval church tithes by issuing a redemption stock to the church. In exchange, landowners were required to make payments to the State, related to the value of land, through the annuities.

The numbers involved have been much reduced since the annuities have to be redeemed if land is sold or divided, and some people are paying amounts of only a few pounds a year. The annuities still brought in around £13m. in 1974-75, the last year for which figures are available. And they were due to carry on, presumably in diminishing amount, until 1986. The Government has now decided that the scheme does not justify the cost and inconvenience involved.

Two more payments are to be required; a normal amount this October and a double dose in October next year. Denis Davies, Minister of State at the Treasury, stated that this should provide enough funds to service and eventually pay off the redemption stock. If any shortfall should arise—against expectations—the Exchequer will fill the gap, the Minister explained, thus protecting the rights attached to the stockholders. Legislation to scrap the annuities will have to wait until next year's Finance Act.



Chairman Payne

The question of worker participation in industry has been taken a good bit further than usual by the Midlands Electricity Board. For 24 hours a 35-year-old electrician became acting chairman, the second half of a swap arrangement which earlier had involved Geoffrey Shepherd, the 35-year chairman, settling out among the customers and seeing life from the electrician's side.

The acting chairman was Donald Payne, a shop steward who must have enjoyed the piquant situation a few weeks ago when his mate for a round was Shepherd. He carried Payne's tools and after his experience expressed himself impressed with the electrician's skills and with the fact that throughout the day not one housewife had complained about the loss.

headquarters at Halesowen in Worcestershire and sat in on various top-level discussions. Payne's conclusion: "It's a pity more industries don't do this."

Prague ban

As the worldwide market for television material expands, television festivals are important in the race to gain either prestige or lucrative sales and perhaps a combination of the two.

But the U.K. seems to have an uphill fight when it comes to the Communist world. Yesterday, the Independent Television companies announced that for their plans to participate in the Prague International Television Festival, running now until next Thursday, have had to be scrapped.

It is the 13th Prague festival, with the objects running on this sort of ringing line: "The TV screen unites the people around the world." Neither the independent companies nor the BBC had entries in 1974 and 1975. But in 1973, Granada submitted a programme in the Disappearing World series. That was disallowed by the festival authorities on the grounds that it "did not comply with the statutes of the festival."

This year, both the independents and the BBC decided to enter. Admittedly, the main ITV programme could be counted as a controversial choice and one liable to offend the sensibilities of strait-laced Marxists. It was Thames TV's The Naked Civil Servant, the drama, much praised here, based on the autobiography of the homosexual Quentin Crisp. That the Czechs did not like the programme was not accepted on the grounds, it was "not in harmony with the main festival idea."

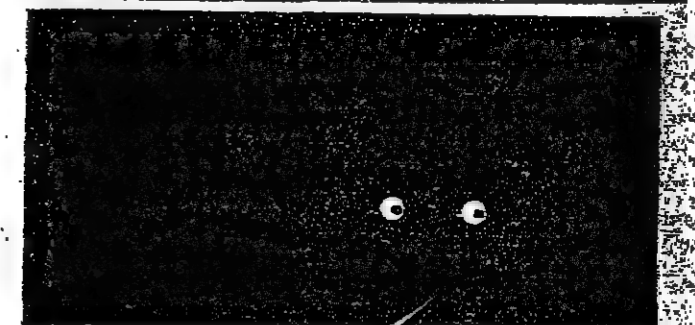
There was a good deal of bewilderment both at Thames and at the Independent Television Companies Association yesterday at the precise reasons for the ban. The Quentin Crisp story had been entered under a section for programmes which should deal with "the problems of contemporary man, contribute to the strengthening of positive human values and which strive for social progress." A somewhat politicised statement perhaps, and Crisp's struggles with an unsympathetic world clearly do not count as "social progress."

As for the BBC, it still has its entry. All Clouds are Clocks, taking part. It is about the composer George Ligeti, Hungarian-born, but now living in Austria for which the Czech festival organisers appear to be forgiving him. Should the BBC production be too bourgeois for some tastes, there is always the first appearance at an international festival of a Mongolian TV programme to look forward to.

Cosy CoHSE

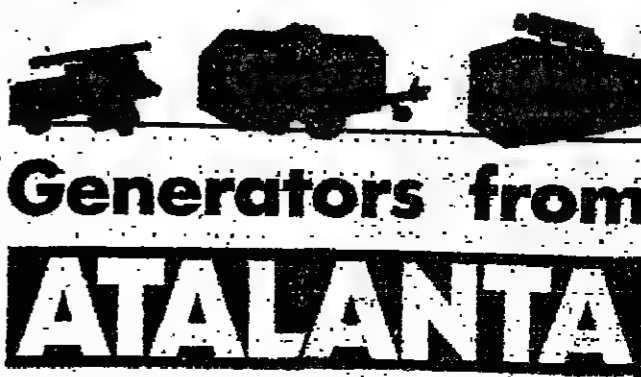
It seems that delegates planning to attend next week's conference of the Confederation of Health Service Employees at the Corn Exchange, Brighton, are going to have difficulties if they want to hear from their general secretary. According to a news release from the union, he plans to "make a keyhole speech each morning..."

Observer



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THIRD PARTY SALES	182	215	up 18%
PROFIT BEFORE TAX	16.2	18.9	up 17%
PROFIT ATTRIBUTABLE	8.5	10.1	up 19%

Copies of the Annual Report and Accounts will be available from the Secretary, Chloride Group Limited, 52 Grosvenor Gardens, London SW1W 0AU, after July 5th.

CHLORIDE

U.S. RUBBER UNIROYAL HOLDINGS S.A.

The Annual General Meeting of Shareholders of the above company was held in Luxembourg on May 4th. 1976—Mr. A. Elvinger acting as Chairman. The Balance Sheet and Profit and Loss Account as of December 31st. 1975. were unanimously approved.

BALANCE SHEET AS AT DECEMBER 31ST, 1975

31st Dec., 1974	LIABILITIES	31st Dec., 1974	ASSETS
US\$	US\$	US\$	US\$
2,129,317	Notes payable ... 1,187,284	Cash 19,987	
846,980	Accrued Interest ... 749,112	Short term	
20,372	Accrued Taxes ... 19,645	Securities 12,138,900	
4,263	Other liabilities ... 3,439	Interest receivable	88,751
	Long term debt	Intercompany	
510,000	maturities 1,921,987	receivable 43,572,800	
	Intercompany	Investment in	
136,631	payable 139,396	Parent Company	300,011
47,717,391	Long term debt ... 41,944,824	Deferred charges	809,866
9,600,000	Capital Stock 9,600,000		
	(authorised		
	\$9,800,000)		
68,000	Legal Reserve ... 69,750		
1,265,989	Earned Surplus ... 1,294,876		
62,299,063	56,930,315	62,299,063	56,930,315

PROFIT AND LOSS STATEMENT FOR THE TWELVE MONTHS ENDED DECEMBER 31ST, 1975

12 months to Dec. 31st 1974 US\$			US\$
3,555,415		Interest Income	3,355,250
53,920		Debtenture purchase profit	25,654
12,044		Dividends received	11,183
	3,621,379	Total income	3,392,087
2,831,538		Interest on long-term debt	2,843,698
406,818		Other charges	307,932
85,281		Provision for taxes	84,089
262,820		Loss on fluctuation of major currencies	125,729
	3,586,457		3,361,448
34,922		Net income	30,639
1,274,567		Earned surplus at beginning of year	1,265,989
43,500		Transfer to Legal Reserve	1,750
1,265,989		Earned surplus at end of year	1,294,878

The Managing Director, Mr. John A. Landesberger, declared that the 1975 financial results have been satisfactory, notwithstanding the extreme fluctuations in exchange rates which took place during the year under review and which of needs affect the Company's financial results. Based on current economic outlook, management anticipates that 1976 earnings will compare favourably with those of 1975.

B & C Shipping better than expected at £16.4m.

ON GROSS revenue up from £147.9m. to £181.5m. pre-tax profit of British and Commonwealth Shipping Company declined from £19.2m. to £16.4m. in 1973.

The profit is considerably greater than the \$12m. projected at the interim stage when a downturn from \$8.37m. to \$5.81m. was reported. The principal difference arises from dividends from overseas seas containers of £1.22m. better returns from other dividends and interest, improved shipping and helicopter operations, and an surplus from the sale of ship of \$887,000. Contracting relatively to earlier years yielded a further profit of \$490,000.

Though it is too early to assess results for the current year, the trading-pattern is not dissimilar to that in the previous year, the directors report.

Earnings per 50p stock unit are shown at 26.1p against 26.8p. Incorporating associated companies they are down from 30.9p to 26.8p. The final dividend is kept at 4.09p a share net which steps up the total from 6.9375p to 7.533p net.

Unrealised foreign exchange losses arising on loans made to U.K. subsidiaries in foreign currency—to finance the acquisition of ships and helicopters—of £3.047,000 have been carried forward and will be written off when realised, the directors note. They believe the new policy gives a fairer presentation of the group's profit.

Commenting on leisure interests they say that although showing some improvement, the overall result is disappointing. The loss mainly arises from hotel operations in the Canary Islands where there is excess capacity.

£8,078); air transport and helicopter operations £5,228 (£2,538); aviation support services £974 (£3,517); currency loan losses £937 (£317); leisure industry £1,001 loss

(13,877) Leasing industry 1,149	1,149	
(12,653) loss; marine and aviation		
insurance 1,141 loss (1,120) loss;		
office equipment 1,596 (1,938) and		
other activities 1,033 (845).		
	1953	1954
	1,000	1,000
Gross revenue	141,300	147,900
Shipping, stored, etc.		
profit	24,282	33,167
Profit ships sale	587	
Profits prior year contracts	490	3,888
Depreciation	12,619	12,619
Interest	1,200	1,200
Operating profit	10,733	13,285
Other income	3,937	4,612
Portfolio investments	2,027	2,200
Associates	2,066	748

Other investments	1.770	1.764
Interest received ...	3.220	3.941
Other interest paid	8.149	7.402
Pre-tax profit	10.951	11.303
Tax	6.426	9.174
Minorities	1.280	1.354
Extraordinary debits	1.082	1.408

Extraordinary debits	1,938	1,498
Preference dividends	-	204
Interim Ordinary	1,119	922
Proposed final	1,325	1,231
Retained	1,151	4,705

* Including additional \$27,000.

The profit attributable from the 38.1 per cent. holding in South Africa Mining Corporation and

The directors note that from July 1 last year Aero-Marine Investments has been merged with another group operating in the same industry.

BRISTOL PLANT

Following the offer to redeem 7 1/2 per cent. Unsecured Loan Stock 1991-96Y, 181 stockholders have agreed to accept for a total of \$34,455 of stock. As this leaves

Increase at Caledonia Investments

ON TURNOVER up from £3.89m to £4.52m, pre-tax profits of Caledonia Investments increased from £2.28m to £2.73m, in the year to March 31, 1976. The

At midway, reporting profits up from £132m. to £133m., the directors forecast a 10 per cent

Full year earnings are shown to be up from 7.98p to 9.05p per 25p share and the dividend lifted from 6.307p to 6.862p net of a final payment of 4.01p.

	1973-74	1974-75
	£000	£000
Group turnover	4,519	3,000
Franked income	2,176	2,621
Unfranked div. and int.	394	—
Trading profit	408	—
D-pretax	76	—
Admin. paid	209	—
H.O. admin. exps.	67	—

Profit before tax	2,732	2,281
Imputed tax ctd. U.K. div.	756	600
Other tax	305	15
Net profit	1,671	1,666
Minorities	37	1
Extraord. credits	0	0
Attributable	1,633	1,653
Prof. div.	32	3
Interim ord.	502	48
Proposed final	716	70
	705	

English China Clay recovery

FIRST HALF pre-tax profit of English China Clays improved from £7.05m. to £9.93m., and the chairman, Lord Aberconway, says

Earnings per 25p share for the six months increased from 238p to 3.35p and the interim dividend was stepped up from 0.8749p to 1.0065p net. If the present restrictions remain unchanged it is intended to recommend a maximum permitted final of 1.3422p (same).

Trading in china clay and ball clay continues to be profitable, De

Clay continues to be profitable. De-stocking seems to have ended in most clay-consuming industries, and the economic recovery in the U.S. had a helpful influence in Western Europe; accordingly de-

Western Europe: accordingly demand for clay has risen, albeit slowly, from the low level of a year ago, but there is still a long haul ahead, says Lord Abernethy.


January by an average between 10 and 15 per cent. The market, however, is highly competitive, and many customers, especially in the paper industry, have suffered from the worldwide recession.

English China is therefore not only absorbing much of the cost inflation but also is giving to overseas customers much of the advantage of the recent weakness

In the home market, where price control and other factors have kept the price levels well below those in the export field, prices were raised by an average of 7½ per cent in October 1975 and a further rise of an average

	Half year	Year
	1978	1975
External sales	71,272	60,629
From invest. grants	683	732
Depreciation	1,587	2,531
Profit before tax	9,934	7,846
Taxation	5,220	3,990
Net profit	4,694	3,148
Dividend	1,488	1,177

See Lex



**VIKING RESOURCE
INTERNATIONAL
N.Y.**

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\$17.80 (D.F. 48.95)**

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INVESTMENT TRUST COMPANIES

The information in the columns below is supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures, which are in pence except where otherwise stated, are unaudited.

Total Assets less current liabilities (1) £million	Company (2)	Shares or Stock (3)	Date of Valuation (4)	Annual Dividend (5)	Net Asset Value after deducting prior charges at nominal value (6)	Net Asset Value after deducting prior charges at market value (7)	Investment Currency (see note g) (8)	Total Assets less current liabilities (1) £million	Company (2)	Shares or Stock (3)	Date of Valuation (4)	Annual Dividend (5)	Net Asset Value after deducting prior charges at nominal value (6)	Net Asset Value after deducting prior charges at market value (7)	Investment Currency (see note g) (8)
	Pence except where stated (see note d)														
1136.1	VALUATION MONTHLY								Philip Hill (Management) Ltd.	Ordinary 25p	31/5/76	2.75	103.7	109.2	13.4
21.6	Alliance Trust	Ord. & "B" Ord. 25p	31/3/76	3.33	237.2	247.4	37.7	116.6	City & International Trust	Ordinary 25p	31/5/76	2.85	140.9	145.9	5.0
7.9	Capital & National Trust	Ordinary 50p	31/3/76	*3.25	133.2	138.8	18.8	29.1	General & Commercial Invest. Trst.	Ordinary 25p	31/5/76	2.0	87.2	90.7	3.5
7.0	Claverhouse Investment Trust	Ordinary 25p	31/3/76	2.73	78.8	78.8	1.2	218.9	General Cons. Investment Trust	Ordinary 25p	31/5/76	2.75	181.2	188.8	7.6
15.1	Crossfields Trust	Ordinary 25p	31/3/76	2.4	78.5	78.5		1105.9	Philip Hill Investment Trust	Ordinary 25p	31/5/76	2.0	237.3	248.0	10.7
21.7	Direct Spanish Telegraph	Ordinary 25p	31/3/76	1.83	96.2	98.0	4.9	233.7	Monroe Investment Co.	Ordinary 25p	31/5/76	6.45	237.3	248.0	10.7
73.1	Dunlop & London Investment Trust	Ordinary 25p	31/3/76	1.95	224.9	234.1	26.5		Nineteen Twenty-Eight Inv. Trust	Ordinary 25p	31/5/76	1.4	65.4	71.0	5.6
37.3	Edinburgh Investment Trust	Deferred £1	31/3/76	4.93	224.9	234.1	26.5		Ivory & Sime	Ordinary 25p	31/5/76	0.75	95.3	102.0	6.7
10.0	First Scottish American Trust	Ordinary 25p	31/3/76	2.3	98.3	101.3	17.4	83.0	British Assets Trust	Ordinary 25p	31/5/76	0.75	95.3	102.0	6.7
36.3	Grange Trust	Ord. Stock 25p	28/3/76	1.36	81.3	87.0	5.7	28.3	Edinburgh American Assets Trust	Ordinary 25p	31/5/76	0.4	73.8	82.8	9.0
52.7	Great Northern Investment Trust	Ordinary 25p	31/3/76	1.24	114.0	114.0	9.3	11.4	Allied Assets Trust	Ordinary 25p	31/5/76	0.73	90.3	90.3	0.0
21.2	Guardian Investment Trust	Ordinary 25p	28/3/76	1.28	97.3	107.7	10.7		Viking Resources Trust	Ordinary 25p	31/5/76	1.0	300.0	306.9	6.9
27.1	Investment Trust Corporation	Ordinary 25p	25/3/76	4.94	238.0	245.7	42.0	3.1	Leopold Joseph & Sons Ltd.	Ordinary 30p	28/3/76	1.15	300.0	306.9	6.9
24.2	Investors Capital Trust	Ordinary 25p	20/3/76	1.0	90.0	97.1	7.1	4.8	Anglo-Welsh Investment Trust	Ordinary 30p	28/3/76	1.15	300.0	306.9	6.9
3.0	Jardine Japan Investment Trust	Ordinary 25p	31/3/76	0.8	132.7	132.7	22.5	4.2	Leopold Joseph Investment Trust	Ordinary 30p	28/3/76	1.15	300.0	306.9	6.9
29.1	Kingsdale Investment Co.	Ordinary 25p	28/3/76	1.75	47.4	48.4	1.0		Thames Investment Trust	Ordinary 30p	28/3/76	1.15	300.0	306.9	6.9
39.9	London & Holbrook Trust	Ordinary 25p	31/3/76	2.7	206.1	211.0	48.5	27.5	Keyser Ullman Ltd.	Ordinary 25p	31/3/76	3.023	55.8	60.4	4.6
95.5	London & Montrose Investment Trust	Ordinary 25p	31/3/76	4.0	206.1	211.0	48.5	8.2	Thornthorn Secured Growth Trst.	Ordinary 25p	31/5/76	1.0	90.2	93.8	3.6
	Mercantile Investment Trust	Ordinary 25p	31/3/76	2.8	122.6	123.6	20.0		Lazard Bros. & Co. Ltd.	Ordinary 25p	31/3/76	2.0	90.2	93.8	3.6
	Do. Do.	Conv. Deb. 1985	28/3/76	14.50	200.10	200.10	23.90	12.6	Embankment Trust	Ord. Stock 25p	31/3/76	2.15	106.1	109.1	3.0
44.3	Northern American Trust	Ordinary 25p	1/8/76	2.3	104.4	104.2	18.6	35.4	Roadburn Investment Trust	Ord. Stock 25p	31/3/76	2.15	106.1	109.1	3.0
51.1	Save & Prosper Linked Invest. Trust	Ordinary 25p	1/8/76	1.0	106.7	106.7	18.6		Martin Currie & Co. C.A.	Ordinary 25p	31/3/76	2.7	127.9	132.7	4.8
49.9	Scottish Northern Investment Trust	Ordinary 25p	31/3/76	2.3123	104.6	104.6	13.3	10.0	Canadian & Foreign Invest. Trust	Ordinary 25p	31/3/76	2.7	127.9	132.7	4.8
40.9	Scottish United Investors	Ordinary 25p	31/3/76	1.33	108.3	108.1	22.8	11.2	St. Andrew Trust	Ordinary 25p	31/3/76	3.3	181.1	187.2	6.1
42.4	Second Alliance Trust	Ordinary Stock 25p	31/3/76	4.3	201.3	211.8	35.7	14.4	Scottish Eastern Investment Trust	Ordinary 25p	31/3/76	2.93	143.6	151.6	8.0
2.9	Shires Investment Co.	Ordinary 25p	28/3/76	6.8	114.3	114.3		24.8	Scottish Ontario Investment Co.	Ordinary 25p	31/3/76	4.8	188.6	211.9	23.3
35.6	Sterling Trust	Ordinary 25p	28/3/76	4.1	193.7	202.6	30.9	50.4	Scottish Trust of Scotland	Ordinary 25p	31/3/76	1.13	61.5	65.6	4.1
	United British Securities	Ordinary 25p	31/3/76	6.4	274.3	277.4	38.3	2.9	Western Canada Investment Co.	Ordinary 25p	31/3/76	1.13	61.5	65.6	4.1
	Benliff & Co.								Murray Johnstone Ltd.						
1107.3	British Mortgage & Trust	Ordinary 25p	31/3/76	2.4	132.8	133.0	20.8	38.0	Caledonian Trust	Ord. & "B" Ord. 25p	31/3/76	2.3	83.4	86.7	3.3
182.9	Edinburgh & Dundee Investment	Ordinary 25p	31/3/76	2.8	184.9	189.3	27.2	27.2	Clydesdale Investment Trust	Ord. & "B" Ord. 25p	31/3/76	2.3	83.4	86.7	3.3
32.7	Munks Investment Trust	Ordinary 25p	31/3/76	1.03	80.3	80.3	8.8	27.2	Glendevon Investment Trust	Ord. & "B" Ord. 25p	31/3/76	2.3	83.4	86.7	3.3
18.8	Winterbottom Trust	Ordinary 25p	31/3/76	1.5	243.3	243.3	39.0	5.4	Glenmurray Investment Trust	Ord. & "B" Ord. 25p	31/3/76	1.23	78.9	78.9	0.0
23.6	Barina Bros. & Co. Ltd.	Ordinary 25p	4/8/76	1.023	108.0	117.1	13.6	16.4	Scottish & Continental Investment	Ordinary 25p	31/3/76	1.0	74.3	74.3	0.0
31.3	Tribune Investment Trust	Ordinary 50p	27/3/76	9.6	845.1	847.0	174.3	63.0	Scottish Western Investment	Ord. & "B" Ord. 25p	31/3/76	1.18	88.8	104.3	15.5
115.5	Cripps Warburg Ltd.	Ordinary 10p	31/3/76	1.4	83.4	83.4	12.2	20.7	Second Great Northern Inv. Trust	Ord. & "B" Ord. 25p	31/3/76	1.46	91.3	95.9	4.6
3.2	Nisewell European Investment Trst.	Ordinary 10p	31/3/76	0.13	*57.4	*57.4	*5.6	15.4	Naydale Ltd.	Ordinary £1	28/3/76	0.7	85.3	84.7	0.6
3.9	Atlanta, Baltimore & Chicago	Ordinary 10p	31/3/76	0.4	*70.8	*70.8	*10.5	18.0	Simonside Investment Co.	Ordinary 25p	31/3/76	0.7	85.3	84.7	0.6
	West Coast and Texas Regional	Ordinary 10p	31/3/76	0.4	*70.8	*70.8	*10.5	18.0	Schroder Wagg Group	Ordinary 25p	31/3/76	3.05	131.6	150.9	19.3
62.1	Edinburgh Fund Managers Ltd.	Ord. & "B" Ord. 25p	31/3/76	*1.33	46.2	48.6	3.3	24.8	Admoven Investment Trust	Ordinary 25p	31/3/76	2.473	106.0	111.90	5.90
16.1	Amerson Trust	Ordinary 50p	31/3/76	—	130.6	130.6	22.7	44.6	Broadstone Investment Trust	Ordinary 25p	31/3/76	3.65	158.9	169.1	10.2
4142.3	Electra House Group	Ordinary 25p	31/3/76	4.2	160.1	160.8	11.2	23.3	Conv. Loan 1985/93	Ordinary 25p	31/3/76	24.50	230.9	234.9	4.0
81.0	Do. Do.	Conv. Loan 1985/90	31/3/76	16.23	191.20	191.00	7.0	11.2	Continental & Industrial Trust	Ordinary 25p	30/4/76	3.05	190.3	200.0	9.7
113.2	Electra Investment Trust	Ordinary 25p	31/3/76	3.6	115.5	115.5	11.0	53.7	Trans-Oceanic Trust	Ordinary 25p	31/3/76	4.50	119.10	123.50	4.40
23.2	Globe Investment Trust	Ordinary 25p	31/3/76	3.25	104.1	108.0	7.0	53.7	Westpool Investment Trust	Ordinary 25p	31/3/76	2.35	114.9	118.6	3.7
10.0	Do. Do.	Conv. Loan 1987/91	31/3/76	15.30	182.50	188.10	5.30	53.7	Do. Do.	Conv. Loan 1989/94	31/3/76	23.00	1103.40	1107.80	4.40
9.7	Telephone & General Trust	Ordinary 25p	31/3/76	6.5	193.5	208.3	9.0	14.0	Stewart Fund Managers Ltd.	Ordinary 30p	31/3/76	1.9	75.7	80.0	4.3
	Do. Do.	Conv. Loan 1987/91	31/3/76	18.00	178.40	183.50	5.80	14.0	Scottish American Investment Co.	Ordinary 25p	31/3/76	1.1	50.3	50.3	0.0
	Temple Bar Investment Trust	Ordinary 25p	31/3/76	4.3	188.9	190.1	8.3	80.7	Scottish European Investment Co.	Ordinary 25p	31/3/76	1.1	50.3	50.3	0.0
	Do. Do.	Conv. Loan 1985/90	31/3/76	23.75	1109.50	1112.10	23.30	14.0	Touche Remnant & Co.						
	F. & C. Group							14.0	Miles Electric & General Trust	Ordinary 25p	28/3/76	1.3	62.3	65.7	3.4
17	Alliance Investment	Ordinary 25p	28/3/76	15.376	157.2	157.2	21.3	14.0	Burford Investment Trust	Ordinary 25p	28/3/76	1.4	61.7	66.9	5.2
17.7	Cardinal Investment Trust	Deferred 25p	28/3/76	4.3	188.0	197.2	21.3	26.3	C.L.R.P. Investment Trust	Ordinary 25p	28/3/76	1.4	75.8	80.5	4.7
144.9	Do. Do.	Conv. Ln. Stk. 1983/87	28/3/76	24.0	1107.50	1108.50	12.10	26.3	Cedar Investment Trust	Ordinary 25p	28/3/76	1.9	74.4	74.4	0.0
24.4	L. & L. Euroinvest	Ordinary 25p	28/3/76	0.5	81.6	81.6	15.2	23.9	City of London Brewery	Deferred 25p	28/3/76	2.0	56.4	61.2	4.8
	Foreign and Colonial Invest. Trst.	Ordinary 25p	28/3/76	2.58	179.9	180.0	10.0	13.9	Continental Union Trust	Ordinary 25p	28/3/76	2.3	131.1	137.9	6.8
	General Investors & Trustees	Ordinary 25p	28/3/76	2.8	118.2	124.1	10.9	13.9	Industrial & General Trust	Ordinary 25p	28/3/76	1.24	56.7	59.3	2.6
	James Finlay Investment Mgmt. Ltd.							40.6	International Investment Trust	Ordinary 25p	28/3/76	2.0	580.9	580.9	0.0
	Provincial Cities Trust	Ordinary 25p	28/3/76	—	—	—	—	39.8	Sphere Investment Trust	Ordinary 25p	28/3/76	2.3	122.5	129.2	6.7
3.2	Gartmore Investment Ltd.							28.8	Standard Trust	Ordinary 25p	28/3/76	4.2	154.3	164.3	10.0
	Do. Do.	Income 50p	28/3/76	6.75	101.4	101.4	—	32.3	Trust Union	Ordinary 25p	28/3/76	2.0	113.0	120.6	7.6
15.2	Do. Do.	Capital 50p	28/3/76	0.8073	173.6	173.6	5.2		Trustees Corporation	Ordinary 25p	28/3/76	2.93	136.1	157.0	20.9
23.2	Anglo-Scottish Investment Trust	Ord. & "B" Ord. 25p	28/3/76	*1.4	30.4	32.8	3.8	29.2	VALUATION THREE-MONTHLY	Ord. Stock 25p	30/4/76	3.575	161.4	170.0	8.6
52.8	Ashtole Investment Trust	Ordinary 25p	28/3/76	1.23	32.8	32.8	3.3	50.8	London Scottish Investment Trust	Ordinary 25p	31/3/76	2.3	75.3	75.3	0.0
2.8	English & Caledonian Investment	Ordinary 25p	28/3/76	2.3	80.2	80.2	8.6		Safeguard Industrial Investment	Ordinary 25p	30/4/76	2.40	105.1	105.1	0.0
54.8	English & Scottish Investors	Ord. & "B" Ord. 25p	28/3/76	*1.823	*81.2	*87.3	*7.1		United States Debenture Corp.	Ord. Stock 25p	30/4/76	53.00	1118.50	1223.90	105.4
3.0	Group Investors	Ord. & Deid. 25p	28/3/76	1.4	*56.8	*61.1	*7.2		Do. Do.	Conv. Ln. Stk. 1993	30/4/76	—	—	—	—
15.0	London & Gartmore Invest. Trust	Ordinary 25p	28/3/76	0.21	78.9	84.5	17.9	4.0	City Financial Administration Ltd.	Capital Ord. 1p	18/3/76	—	84.9	84.9	0.0
10.0	London & Lennox Invest. Trust	Ord. & "B" Ord. 25p	28/3/76	1.75	82.6	87.0	13.1	13.9	Acorn Securities	Ordinary 25p	28/3/76	3.35	165.1	171.1	6.0
10.0	London & Lomond Invest. Trust	Ordinary 25p	28/3/76	1.85	80.0	78.4	8.1	12.0	General Funds Investment	Ordinary 25p	27/3/76	—	—	—	—
15.0	London & Strathclyde Invest. Trust	Ordinary 25p	28/3/76	1.59	80.0	80.0	8.1		Do. Do.	Conv. Ord. 10p	27/3/76	—	—	—	—
6.4	Meldrum Investment Trust	Ordinary 25p	28/3/76	1.5	44.6	44.6	0.7		"Investing in Success" Equities	Ordinary 25p	13/3/76	2.08	169.1	174.1	5.0
7.0	Menteth Investment Trust	Ordinary 25p	28/3/76	0.43	16.0	16.0	0.9	80.5	Drayton Montagu Portfolio Mgmt.	Ordinary 25p	28/3/76	5.4	231.9	243.6	11.7
13.0	New York & Gartmore Investment	Ordinary 25p	28/3/76	0.3	35.0	35.0	3.4		Drayton Premier Investment	Ordinary 25p	28/3/76	5.4	231.9	243.6	11.7
82.5	Gartmore Investment (Scotland) Ltd.	Ordinary 25p	31/3/76	2.75	167.7	172.6	26.5	67.7	Do. Do.	Conv. Ln. 1993	28/3/76	2.75	1145.00	1152.80	7.80
15.2	Scottish National Trust	Ordinary 25p	31/3/76	2.85	118.0	122.0	18.7		Drayton Consolidated Trust	Ordinary 25p	28/3/76	3.75	176.1	182.9	6.8
258.7	John Gove & Co. Ltd.								Do. Do.	Conv. Ln. 1993	28/3/76	57.50	1148.00	1152.80	4


* Applies to Ordinary A - Ordinary only, i.e. includes Special dividend, as adjusted for step issue, or adjusted for rights issue. Company will announce year-end or interim results shortly. A - See note 3a below. Conversion to monthly. B - Not directly comparable with previous published figure. B - Dependent on share conversions. C - Change in the prior charges since the previous published figure.

(a) Cols. 1, 6, 7
 (b) Cols. 1, 6, 7
 (c) Cols. 1, 6, 7
 (d) Cols. 1, 6, 7
 (e) Cols. 1, 6, 7
 (f) Cols. 1, 6, 7

Change Investments are valued at mid-market prices: quoted at directors' valuation; but include 100 per cent. of any investment currency premium after taking into account the premium on any surplus or on any shortfall of foreign currency assets against foreign currency loans. All remaining account items are excluded. No account has been taken of any liability in respect of taxable gains which might arise on future disposal of investments. Amounts are per share/stock unit or per £100 Convertible Loan Stock. Column 5 precisely stated; columns 6-8 to nearest one-tenth of a penny per share and 30p per £100 Convertible Loan Stock. Dividend or the last declared annual dividend or firm forecast, excluding innovation credit. Interest on loan stocks is stated gross of income tax.

(g) Col. 8
 (h) Cols. 6-8

The amount per share/stock unit represented by 100 per cent. of the investment currency premium applied in calculating the valuation for cols. 1, 6 and 7.
 Convertible loan/reference stocks and warrants or subscription rights are treated in the way which produces the lower value, i.e. per share. Convertible stocks are treated as fully converted at the rate for the next conversion date, or where a figure is marked "x" as prior charges; warrants or subscription rights are treated as exercised, except where a figure is marked "x".



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 The Association of Investment Trust Companies, Park Square West, Floor 16, Leeds LS2 9PL, England, or London, EC2M 1JF.



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The Association of Investment Trust Companies, Park House 16th Floor, 16 Finsbury Circus, London, EC2M 2ET

MINING NEWS

A London view on the outlook for gold

BY MALCOLM DUMPHREYS

ANOTHER world inflation is inevitable unless international monetary policies are changed. It is argued in a new review of the gold market published today.

This would lead to renewed private investment in gold and coupled with the prospect of central bank buying of the metal could upset the present temporary equilibrium in the gold market.

Michael Blandin writes that in the latest review published by Consolidated Gold Fields, Mr. Peter Felk and Mr. Christopher Glynn state that the supply of gold to the free market fell from 1,234 tonnes in 1974 to 1,100 tonnes in 1975.

The main feature of this fall was the continued drop in non-communist mine production to 551 tonnes, the lowest since 1969. There was also a further fall in Soviet bloc sales from 221 tonnes in 1974 to 148 tonnes.

A decline in the investment demand reflected reduced inflation rates and, later in the year, continuing uncertainty over the impact of the International Monetary Fund's decision.

Currently, however, "the market has attained an equilibrium with little or no investment buying." The authors say that at current prices free world mine production is likely to remain close to the 1975 level of 830 tonnes during the next year or two and then to decline gently.

With average sales of 200 in 200 tonnes a year from the Soviet and IMF sales at 185 tonnes a year until mid-1980, total supplies available for private purchasers could be some 1,400 tonnes a year for the next three years.

Against this, industrial and advanced country jewellery usage is able to absorb some 1,000 tonnes at current prices. With at least 130 tonnes a year going to coin, the authors argue that the remaining 300 tonnes can be absorbed at recent rates by the crude jewellery manufacturers in developing countries by hoarding and investment.

They add, however, "it would be premature to assume that this equilibrium is maintainable." Two vital considerations have to be taken into account. First, "the future assumes that demand will not increase." But the outcome may be different, the authors argue.

They point to the substantial purchases made by the Bank for International Settlements at the first IMF auction, and to the prospect of central bank purchases once the IMF Articles are amended to permit them, as likely to unbalance the equation.

Secondly, the arithmetic allows nothing for private investment. The authors suggest that inflation will recur and that speculative interest in gold will revive in the areas affected, even if it remains dormant elsewhere.

Inflation will be renewed, the authors argue, as a result of the extension of credit to deficit countries. And the gold market will reflect this development in spite of efforts to remove its monetary characteristics. "Demonetization, whether in the private or official sphere, cannot be effected by fiat. It can be achieved only by that assiduous pursuit of monetary stability which in too many quarters is still considered at best an illusion and at worst politically suicidal."

MR. ARMSTRONG'S VIEW AS WELL

The president of Coniagas Mines, Mr. G. Warren Armstrong,

says in the company's annual report that "our confidence in gold remains resolute."

He adds that "the near-term outlook for gold is bright. The demand for gold is growing and the price is rising. The demand for gold is growing and the price is rising. The demand for gold is growing and the price is rising."

OPTIMISM FROM TANJONG TIN

An improvement in production over the latter part of last year coupled with the recent rise in the price of gold has appreciably improved the profitability of the operations of the Malayan Tin Corporation, Tanjong Tin, Singapore.

The company's chairman, Mr. J. T. Chappell, at yesterday's London meeting.

For the first five months of the current year tin concentrate output totals 118 tonnes compared with 87 tonnes for the last five months of 1975 but was against 147 tonnes for the first five months of this year.

Mr. Chappell adds, however, that variations in output must be expected, depending upon the varying amount of tin around encountered in depth.

Production is unlikely to be affected by restrictions imposed by the International Tin Council but sales will be dependent on the degree of export control in force for the remainder of the year.

Mr. Chappell says that the rise in demand for the metal and the recent substantial sales made from the buffer stock "will be helpful to the producer in the longer term." The shares were 4 1/2 p yesterday.

ENEABBA OPENS UP ON TIME

The mineral sands mining and concentration complex near Eneabba, Western Australia, of the Consolidated Gold Fields Group's Western Titanium has reached the stage of practical completion on schedule and commissioning of the plant has commenced.

The cost of the plant, port installation and housing remains at \$18.5m. (\$12.5m) as originally estimated with the overall total cost rising to \$20m, after operating build-up costs and payments to the State Government towards infrastructure have been made.

As reported on June 11 profits before tax fell from \$183,224 to \$106,102 in 1975. The dividend is 1.200p (11.125p) net.

The auditor's point out that it has been group policy for several years to charge replanting ex-

penditure to reserves and in these accounts expenditure of \$42,400 has been charged. This treatment is now contrary to the statement of standard accounting practice relating to extraordinary items and prior year adjustments, which requires that any such expenditure should be dealt with through the profit and loss account. In these circumstances, the auditors do not concur with the company's treatment.

Fixed assets, certain current assets and current liabilities, and all trading transactions have been audited and found correct.

Mr. Chappell says that the company's affairs.

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BIDS AND DEALS

Gardner spurns R-R approach

Rolls Royce Motors' acquisition of a 16.72 per cent share stake in L. Gardner, the Manchester diesel engine company, and its desire to discuss a possible takeover, has met with a sharp response from Mr. G. N. C. Flint, the Gardner chairman.

Mr. Flint says in a letter to shareholders yesterday that some shareholders might be taken to imply a continuing dialogue concerning trading co-operation between Rolls Royce and Gardner, and he is concerned to make sure that "the record is kept straight."

Pointing out that "trading co-operation discussions" between the two companies were terminated on December 3, 1975, although another meeting was held on June 10, 1975, he proposed last week, Mr. Flint draws shareholders' attention to four points.

He points out that the shortlisted tendering ended in February, since when Gardner has been working to full capacity with a strong order book and a high level of profitability.

Furthermore, the company occupies a key strategic position in the industry "which is the envy of many other engineering businesses and it has been able to secure higher profits than it has achieved in the last three years." Accordingly, he contends that no takeover bid would be likely to succeed unless it took full account of these points.

Mr. Flint declares that the Gardner Board is satisfied that the company has both the ability and the resources to exploit its potential. Although the Board "is properly ready to listen to any proposals, it is certainly not seeking the shelter of a larger offer."

The Gardner Board claims to have a strong measure of support from shareholders owning 75 per cent. of the company, and it is owned by Rolls Royce, so an ultimate bid battle could be ruled out.

Gardner's shares closed 3p down at 15 1/2p, while those of Rolls Royce Motors were 1 1/2p down at 56p.

ABERCOM PURCHASE

Abercom Investments has acquired a 50 per cent share in the industrial and commercial property company, and is now offering a cash alternative of 75p a share, subject to the acquisition of 50 per cent of the company.

Up to its original offer, which includes a two for three share offer valuing each Clark and Penn share at 62p, THI said that the offer was inadequate "by the directors' view." Clark and Penn's shares were valued at 25p higher at 75p last night.

Kleinwort Benson, acting as advisors to THI, said yesterday that they have acquired 635,000 shares, or 71.11 per cent, of the company, and that the offer of 75p a share is a "very attractive" alternative to the 62p offer.

An appendix to Clark and Penn's defence document reveals that the directors hold options under an Executive share option scheme on 85,000 shares, exercisable after the end of the year, of which 70,000 are exercisable at 75p.

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HAT GROUP EXPANSION

HAT Group, the building subcontractor, has acquired the capital of Baker Yule for £139,573, satisfied by the issue of 139,200 shares ranking pari passu with the existing Ordinary shares and 22,247 in cash.

Baker Yule, as plumber's merchants in Paisley and will be a useful addition to the group's expanding merchandising activities in the South of Scotland.

The net asset value of the company is about £110,000 and the likely pre-tax profit for a full year will be of the order of £30,000, according to H.A.T.

H. A. LIGHT

JOHN SMITH As part of their declared expansion programme, H. A. Light, makers of jewellery pressings, has acquired the West Bromwich precision pressings division of John Smith.

CARRIMORE

EDBRO

J. Henry Schroder Wag and Co. announce that, in response to Edbro's original offer dated May 28, to acquire the capital of Carrimore, acceptances have been received in respect of 104,400 Ordinary shares (10.43 per cent.) and 21,000 Preference shares (18.88 per cent.).

York Trailer has received irrevocable acceptances so far in respect of its 37 1/2 cash offer of 44.50 per cent. of the Ordinary shares of Carrimore and 25.9 per cent. of the Preference shares.

ASSOCIATES DEALS

L. Messel and Co. bought 12,500 London Tin Corporation at 17 1/2p on behalf of an associate of Pers Securities.

Joseph Sebag and Co. sold 12,500 London Tin Corporation at 17 1/2p on behalf of an associate of Pers Securities.

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BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION

World Value of the Dollar

The table below gives the latest available rates of exchange for the U.S. dollar against various currencies as on Wednesday, June 18. These exchange rates have been compiled by Bank of America NT & SA's world-wide network of branches from various sources. Exchange rates listed are middle rates between buying and selling rates as quoted between banks. Where a multiple exchange rate system is in operation (B), the rate quoted is the commercial rate unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except for U.S. sterling (which is quoted in dollars per sterling unit). These rates are asterisked.

All rates quoted are for indication purposes only and are not based on, and are not intended to be used as a basis for, particular transaction. By quoting the following exchange rates, Bank of America NT & SA does not undertake to trade in all listed foreign currencies and does not assume any responsibility for any errors in the table below.

Bank of America
Eurodollar, 3 months: 6 1/2 - 6 months: 7 1/2

SDRI=SUS14587

Country	Currency	Value of DLR	Country	Currency	Value of DLR	Country	Currency	Value of DLR
Algeria & Texas	Dilbon Franc	136.48	Guatemala	E. Caribbean \$	2.00	Paraguay	Guarani	100.00
Albania	Leke (n)	100.00	Honduras	Lempira	2.00	Peru	Soles	3.33
Algeria	Leke (n)	100.00	India	Rupiah	100.00	Philippines	Philippine	50.00
Algeria	Leke (n)	100.00	Indonesia	Rupiah	100.00	Portugal	Escudo	200.00
Algeria	Leke (n)	100.00	Iran	Rial	100.00	Romania	Leu	100.00
Algeria	Leke (n)	100.00	Israel	Sheqel	100.00	Rwanda	Franc	100.00
Algeria	Leke (n)	100.00	Italy	Lira	100.00	Saudi Arabia	Riyal	100.00
Algeria	Leke (n)	100.00	Jamaica	Jamaica	100.00	Senegal	CFA Franc	100.00
Algeria	Leke (n)	100.00	Japan	Yen	100.00	Sierra Leone	Leone	100.00
Algeria	Leke (n)	100.00	Jordan	Dinar	100.00	South Africa	Rand	100.00
Algeria	Leke (n)	100.00	Korea	Won	100.00	Spain	Peseta	100.00
Algeria	Leke (n)	100.00	Kuwait	Dinar	100.00	Sweden	Krona	100.00
Algeria	Leke (n)	100.00	Laos	Kip	100.00	Switzerland	Franc	100.00
Algeria	Leke (n)	100.00	Lebanon	Pound	100.00	Taiwan	New Taiwan	100.00
Algeria	Leke (n)	100.00	Libya	Dinar	100.00	Thailand	Baht	100.00
Algeria	Leke (n)	100.00	Macao	Pataca	100.00	Togo	CFA Franc	100.00
Algeria	Leke (n)	100.00	Madagascar	Malagasy	100.00	Tonga	Pangloss	100.00
Algeria	Leke (n)	100.00	Malawi	Kwacha	100.00	Trinidad	Dollar	100.00
Algeria	Leke (n)	100.00	Mali	Dinar	100.00	Turkey	Lira	100.00
Algeria	Leke (n)	100.00	Malta	Lira	100.00	Uganda	Shilling	100.00
Algeria	Leke (n)	100.00	Mauritania	Ouguiya	100.00	United Kingdom	Pound	1.00
Algeria	Leke (n)	100.00	Mexico	Peso	100.00	United States	Dollar	1.00
Algeria	Leke (n)	100.00	Morocco	Dinar	100.00	Uruguay	Peso	100.00
Algeria	Leke (n)	100.00	Mozambique	Mos. Escudo	100.00	USA	Dollar	1.00
Algeria	Leke (n)	100.00	Nicaragua	Cordoba	100.00	Venezuela	Bolivar	100.00
Algeria	Leke (n)	100.00	Niger	CFA Franc	100.00	Yemen	Rial	100.00
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Algeria	Leke (n)	100.00	Oman	Rial	100.00			
Algeria	Leke (n)	100.00	Pakistan	Rupiah	100.00			
Algeria	Leke (n)	100.00	Paraguay	Guarani	100.00			
Algeria	Leke (n)	100.00	Peru	Soles	100.00			
Algeria	Leke (n)	100.00	Philippines	Philippine	100.00			
Algeria	Leke (n)	100.00	Poland	Zloty	100.00			
Algeria	Leke (n)	100.00	Portugal	Escudo	100.00			
Algeria	Leke (n)	100.00	Romania	Leu	100.00			
Algeria	Leke (n)	100.00	Rwanda	Franc	100.00			
Algeria	Leke (n)	100.00	Saudi Arabia	Riyal	100.00			
Algeria	Leke (n)	100.00	Senegal	CFA Franc	100.00			
Algeria	Leke (n)	100.00	Sierra Leone	Leone	100.00			
Algeria	Leke (n)	100.00	South Africa	Rand	100.00			
Algeria	Leke (n)	100.00	Spain	Peseta	100.00			
Algeria	Leke (n)	100.00	Sweden	Krona	100.00			
Algeria	Leke (n)	100.00	Switzerland	Franc	100.00			
Algeria	Leke (n)	100.00	Taiwan	New Taiwan	100.00			
Algeria	Leke (n)	100.00	Thailand	Baht	100.00			
Algeria	Leke (n)	100.00	Togo	CFA Franc	100.00			
Algeria	Leke (n)	100.00	Tonga	Pangloss	100.00			
Algeria	Leke (n)	100.00	Trinidad	Dollar	100.00			
Algeria	Leke (n)	100.00	Turkey	Lira	100.00			
Algeria	Leke (n)	100.00	Uganda	Shilling	100.00			
Algeria	Leke (n)	100.00	United Kingdom	Pound	1.00			
Algeria	Leke (n)	100.00	United States	Dollar	1.00			
Algeria	Leke (n)	100.00	Uruguay	Peso	100.00			
Algeria	Leke (n)	100.00	USA	Dollar	1.00			
Algeria	Leke (n)	100.00	Venezuela	Bolivar	100.00			
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INTERNATIONAL COMPANY NEWS + EURO MARKETS

Ford of W. Germany set for another good year

BY NICHOLAS COLCHESTER

AFTER ACHIEVING a remarkable turn-around in 1975 Ford of West Germany is set for another "very good year" in 1976. A 28.8 per cent. increase in unit sales in 1975 led to after tax profits of DM2,253.2m. in place of DM1,776m. of losses. Under the aggressive leadership of chairman Robert Lutz, the company raised its share from 10 per cent. to 13.5 per cent. in a German car market that led the German economy out of recession. Herr Lutz says that in 1976 Ford's market share will rise to 14.8 per cent.

The chairman's confidence for 1976 is supported by the impressive delivery times that have already been built up on some models. Indeed it seems that shortage of production of the recently introduced "Fiesta" car, which is soon to be launched, will be the main constraint on the company's sales this year. Herr Lutz expects German Ford's production this year to be 750,000 cars against 685,000 in 1975. This would bring output back up to the 1973 level and would make more profitable use of Ford's theoretical capacity at present of 850,000 cars a year.

After the financial stringency of 1975, when Ford invested DM183.7m.—less than half its 1971 investment—the company plans to spend DM250m. in 1976. The management makes it clear that the time of major expansion in production capacity has passed several years ago and is unlikely to be repeated. Herr Lutz re-



Herr Robert Lutz

ferred to the DM1.25bn. that Ford Europe has spent on the new plant at Valencia in Spain as the last of the big European investments. He also maintained that automation in car production appeared to have reached a limit at the moment, explaining that use of industrial robots reduced the industry's flexibility in the face of changing market demands.

Ford of Germany's success last year was partly due to vigorous sales policy that included the doubling of the accepted growth rate from 10 per cent. to 20 per cent. and the inclusion of still more "optional

extras" in the price. The redesigned "Escort" model that was introduced in February, 1975, took 4.4 per cent. of the German market, and the company's biggest model, the "Fiesta," improved its share from 2.5 per cent. to 3.8 per cent.

This year Ford's ball is being kept rolling by the introduction of the new "Taurus" and of the still-awaited "Fiesta" Delivery times for the former stretch into November in Germany and into next spring in some foreign markets. The Fiesta programme is costing Ford Europe an investment of DM1.25bn. at the rate of 800 a day and production at Valencia should start at the end of this year. The Fiesta programme is costing Ford Europe an investment of DM1.25bn. at the rate of 800 a day and production at Valencia should start at the end of this year.

The company expects a turnover of DM7.5bn. after DM6.26bn. in 1975 and DM4.88bn. in 1974. The management is somewhat cagey about the profits that it expects for the year, but admits that return on sales will be up on last year's 4.4 per cent. A 5 per cent. return would imply profit of DM370m., compared with last year's figure of DM283m.

Ford's unit sales last year were up by 28.8 per cent. to 685,000 vehicles to 531,000. Employment at the end of 1975 was 48,150—down from 49,418 a year earlier.

Mitsui plans Hong Kong, Tokyo issue

BY CHARLES SMITH

TOKYO, June 17

THE MITSUI group, the second largest of Japan's giant general trading companies, plan to issue a new share issue in Hong Kong and Tokyo before the end of August.

The issue will coincide with a 16th share issue in Tokyo and the two together will generate funds for the new headquarters building which the company is constructing. This will be ready by November of this year and is expected to cost about ¥54bn. (about \$400m.).

The Tokyo issue of Mitsui shares will be managed by Japan's five biggest securities companies, Nomura, Nikko, Daiwa, Yamaichi and New Japan.

It will apparently also be the first Japanese concern to introduce its share in Hong Kong, with a local subsidiary of a special issue aimed specifically at Hong Kong investors.

Braemar bidders go into the courts

BY JAMES FORTH

SYDNEY, June 17

THE TANGLED struggle between National Consolidated and Vulcan Industries for control of the Braemar division of Dayco has moved to the courts.

National obtained an injunction preventing Vulcan, which has made a takeover offer for Dayco Braemar, from purchasing any shares in the company, directly or indirectly. The court has ordered Vulcan to appear on June 23 to show cause why the injunction should not be continued. Vulcan may also have to show cause why it should not have to sell its recently acquired 25.5 per cent. stake in Dayco Braemar to the National Consolidated.

The issue is further confused because Dayco Braemar director, David Braemar, has been accused of having sold shares in the company to National Consolidated. The directors have no reason to believe that the National Consolidated is a bona fide purchaser of the shares. The directors are also aware that the National Consolidated is a bona fide purchaser of the shares.

The issue is further confused because Dayco Braemar director, David Braemar, has been accused of having sold shares in the company to National Consolidated. The directors have no reason to believe that the National Consolidated is a bona fide purchaser of the shares. The directors are also aware that the National Consolidated is a bona fide purchaser of the shares.

IHC to close Bolnes

BY MICHAEL VAN OS

AMSTERDAM, June 17

IHC HOLLAND, the specialised shipbuilding company, said in Rotterdam today that its subsidiary IHC in Bolnes in Zeeland—where manufacturers diesel engines for ships, would be closed down by the end of the year, following the lack of success of talks with a Norwegian company which had expressed interest in the company.

IHC said that the problem at Bolnes has been the fact that the engines produced there were being rapidly forced out of the market and that changing of the production lines to build different engines would require far too much investment. Smith has meanwhile, accumulated losses totaling \$1.1m., and this situation amounted to an unacceptable burden to the other subsidiaries and the company as a whole.

If added that, in the past, talks aimed at restructuring the Dutch smaller size engine manufacturers by merging companies, following official initiatives, had failed, the Government was not prepared to pump the very large sum needed into Bolnes.

Meanwhile, IHC Holland has also stated in Rotterdam that it has secured an order from Kuwait for a cutter-suction dredger. Won in the face of "Berre" domestic competition, the order, worth around \$15,000, had been obtained from the Kuwait-based Gulf Dredging Company.

Buehrle investments
THE BUEHRLE Group, according to John Weeks, this year expects to invest more than the Sw.Frs.142m. capital expenditure sum recorded for 1975, parent-company president, Dr. Buehrle, said at the annual general meeting of Buehrle-Holding AG. Most of this will again probably come from the concern's own funds. Dr. Buehrle added that the high group investment levels of the past years would be maintained for several years.

SELECTED EURODOLLAR BOND PRICES

MID-DAY INDICATIONS

STRAIGHTS	Rate	Offer	CONVERTIBLES	Rate	Offer
Washington 10% 1983	104	105	Amersfoort 10% 1983	97	98
Amsterdam 10% 1983	104	105	Amersfoort 10% 1983	97	98
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Source: White World Securities.
Source: Kidder, Peabody Securities.

\$140m. loan for Poland

Financial Times Reporter

A \$140m. five-year Eurodollar loan for ZPT, the Polish union of inorganic chemical industries, was signed in Paris yesterday.

The proceeds of the loan will go towards financing a plant producing complex fertilisers at Polkowice on the River Oder, 12 miles south of Szczecin in Poland. The complex will be constructed by Czeslaw Lotze Industries and will be producing 822,000 metric tons of NPK per annum when it is working at full capacity in 1981.

The Eurodollar loan is part of a large scale financing involving substantial export credit. It offers participating banks a spread of 11 per cent. and is guaranteed by Bank Handlowy. The management group is headed by various members of the Citibank group.

Woolworth forecast

F. W. WOOLWORTH Company expects overall consolidated sales increase in the area of 10 per cent. in 1976, with total dollar volume surpassing the \$5bn. level and earnings expected to keep pace, AP-DJ reports from Buffalo.

M & S in Canada

PEOPLE'S department stores, controlled by Marks and Spencer of the U.K., shows a loss of \$4m. for the 39 weeks ended April 24, against a profit of \$11.4m. (31 cents a share) a year earlier. Sales were \$100m. against \$96.4m.

Two divisions are profitable, but the M & S trading divisions will continue to show losses in the current fourth quarter. The consolidated loss for full year will be larger than for the first 39 weeks. But results from St. Michael Foods continues to be most encouraging, Robert Gibbons writes from Montreal.

Canpac project

CANADIAN PACIFIC (CP) said it plans a \$120m. redevelopment in downtown Montreal, including a 22-story building to accommodate its corporate headquarters, Reuter reports.

CFP methane stake

CIE FRANCAISE des Petroles SA (CFP) said it took a 10 per cent. stake in CIE Francaise du Methane owned by the Nationale des Petroles d'Aquitaine, Reuter reports from Paris.

CFP thus becomes the third shareholder in the company alongside SNPA and Gaz de France.

Leykam dividend cut

LEYKAM-WERZTALER, the Austrian paper and pulp company, has reduced its dividend for 1975 from 7 per cent. to 6 per cent. Announcing this today, the Board stressed that last year brought "considerable setbacks" to the Austrian paper industry. In volume terms domestic sales of paper last year were down by 21 per cent. compared with 1974. In order to offset these setbacks the company tried to increase exports but succeeded only via price concessions. As a result of these efforts the share of exports rose to 52 per cent. (81 per cent.) of the total turnover. But the sales total was down from Sch.2.37m. in 1974 to Sch.2.29m. last year. Net profit was down from Sch.26m. in 1974 to Sch.15m.

Fresh capital injection for Sabena

BY DAVID CURRY

BRUSSELS, June 17

THE BELGIAN GOVERNMENT has decided to make an important move to improve the financial situation at the national airline by increasing Sabena's capital by some B.Frs.3.4bn. (€45m.) over three years. This news was given by the Communications Minister, M. Jos Chabert, at a meeting of the Western European Union in Paris.

While the capital increase will plug one of the gaps in the company's finances highlighted by the Anderson report into the company's management, there is so far no hint of which way the Governments of Belgium, Holland and Luxembourg are leaning in their evaluation of the McKinsey report. This assessed the financial aspects of a merger in whole or part between Sabena, KLM and Luxair. They have given themselves until Christmas to make up their minds and there seems to be no real anxiety to beat the deadline.

M. Chabert said that the capital injection was the Government's contribution towards improving the Sabena situation and a quick pro quo for the company's own efforts to improve efficiency. Sabena has laboured under a capital structure which gave it capital of some only B.Frs.750m. against a turnover of some B.Frs.15bn. Mr. Chabert hinted that the capital increase could be interpreted as preparation for some sort of merger with KLM by noting that one of the essential points in McKinsey was the need to increase the airline's equity, to enable it to face the costs of merging and re-equipping.

Sabena's current borrowings for material purchasing are covered by the State and the interest payments on these add up to some B.Frs.350m. a year. M. Chabert said that collaboration on the technical level between airlines had not been duplicated (except for SAS) by operational co-operation because of "lack of political will." The minister has long held up SAS as a model for co-operation and quite clearly he sees it as the ideal formula for a link with Air Luxair link-up.

However, he has been careful to indicate that nothing is excluded from the range of options for Sabena—a recognition that there is a strong lobby in Belgium arguing for a link with Air France rather than the predominantly Dutch solution envisaged by McKinsey.

Brazil to strengthen private sector by funding programme

BRASILIA, June 17. BRAZIL IS allocating Cr.2bn. to increase the capital of private companies under a project to strengthen the private sector announced by President Geisel's office.

One of the main points of the project is the launching of a programme to support the capitalisation of private national companies (PROCAP) which will channel the funds through the National Economic Development Bank and investment banks into private company share issues for raising capital.

Initial funds under PROCAP are fixed at Cr.2bn. with half of this allocated for calendar 1976. The explanation of the project which sets out the Government's views on private, State and foreign participation in the economy, says no doors should be shut to private initiative except for security reasons.

In strengthening the private sector, the presence of foreign interests in fundamental industries will be restricted. It said a working party will be set up to advise on how best to consolidate the position of private national companies.

Hoboken sees hesitant

BY DAVID CURRY

BRUSSELS, June 16

METALLURGIE Hoboken-Overpelt, which is one of the companies in the Societe Generale de Belgique constellation grouped around Union Miniere, reports hesitant signs of an upturn in its fortunes after a half-year in the end of March not much improved upon the dismal performance of its last full year.

The company treats raw materials, ores, concentrates, residues and wastes of non-ferrous metals for the production and refining of copper, zinc, lead and tin, special metals, precious and ultra-precious metals, semiconductors and refractory metals. Its last full financial year saw profits down from B.Frs.829.4m. in 1974 to B.Frs.179.6m.

Hoboken notes that the six months to the end of March were "pretty unsatisfactory," the dominant influence still being the industrial recession.

However, it points out that towards the end of the period activity began to pick up, and metal prices started to pull out of the doldrums. Since then this tendency has been confirmed with an improving level of activity, continued hard slog of prices and some reabsorption of labour. However, zinc, cobalt, refractory metals and semiconductors are still being produced at reduced capacity.

The company affirms its intention to push ahead with its investment programme, in the autumn a new casting and laminating line for copper wire rods will come on stream lifting capacity from 100,000 to 250,000 tonnes a year.

Slater, Walker Commercial Consolidated Trust
Slater, Walker Consolidated Trust
Slater, Walker Investors General Trust
Slater, Walker Investors Second General Trust
Slater, Walker Unit "D" Trust

have been amalgamated with

Slater, Walker Hundred Securities Trust
to be renamed

Slater, Walker Commercial and Industrial Trust

Following the adoption of the Scheme of Amalgamation at meetings of unitholders of the six trusts, the allocation of Slater, Walker Commercial and Industrial Trust units will be as follows:

for each Slater, Walker Commercial Consolidated Trust unit, 0.73575 of a Slater, Walker Commercial and Industrial Trust unit

for each Slater, Walker Consolidated Trust unit, 0.86241 of a Slater, Walker Commercial and Industrial Trust unit

for each Slater, Walker Investors General Trust unit, 0.63265 of a Slater, Walker Commercial and Industrial Trust unit

for each Slater, Walker Investors Second General Trust unit, 1.02164 Slater, Walker Commercial and Industrial Trust units

for each Slater, Walker Unit "D" Trust unit, 3.07236 Slater, Walker Commercial and Industrial Trust units.

Unitholders in Slater, Walker Hundred Securities Trust will exchange their units for an equal number of Slater, Walker Commercial and Industrial Trust units.

Unitholders in the six trusts will be sent new certificates for their Slater, Walker Commercial and Industrial Trust unit-holdings on or before 13th August, 1976.

Slater, Walker Trust Management Limited

3 London Wall Buildings, London Wall,
LONDON EC2M 5QL

Variations in Japanese profits

BY CHARLES SMITH, KARL EAST EDITOR

JAPANESE INDUSTRY made a respectable profit recovery during the six months ending in March, after suffering what everyone would agree was its worst half year since the war in the previous six month period.

The extent of the recovery, however, varies according to the criteria used, judging by a survey of the latest crop of business results just published by Wako Securities Company.

The Wako survey, which covers the 3700 companies quoted on the first section of the Tokyo stock exchange, shows current profits (including non-operating revenue) up no less than 65 per cent. over the September business term with manufacturing companies alone recording a spectacular improvement of 464 per cent. Sales, however, showed a rise of only 6.5 per cent. during the period and operating profits were up a comparatively modest 9 per cent. The message appears to be,

therefore, that non-operating items such as sales of securities contributed heavily to the good showing put up by many Japanese industries in the March business term.

Securities sales

This accords with reports in a number of industries (for example, steel) of heavy sales of securities to mask rather unimpressive operating results. Sales of securities by Japanese companies should in theory be classified in company accounts as special non-operating income unless the securities were originally bought with a view to resale. However, disjunction between the two types of operation are frequently blurred and it would appear that during the past six months securities which had in some cases been held for years by the same company were classified as "current income" when unloaded to improve the profit picture.

Some companies may also have treated losses arising from the maintenance of idle plant (something which nearly all Japanese industry has had plenty of in the last few months) as special non-recurring losses in their March accounts. This, too, would tend to give a better superficial appearance to a company's profit performance.

Japanese companies are normally judged by local investors on the basis of their "current profit" figures, including non-operating items (but not special non-recurring items), so it is of extreme importance that sections of industry should produce satisfactory figures under this heading in their accounts. As an indicator of how Japanese industry has been recovering from the recession, however, sales and revenue figures are probably more truthful, at least in manufacturing industries. On this basis some Japanese industries have admittedly pulled

Less inspiring

The recovery, however, looks less impressive in steel (operating profits up 7.3 per cent., sales down 1.9 per cent.) in the service sector, where the gap between operating and current profits is less noticeable, the overall picture is much less bright than in manufacturing; and some major sectors are still actually getting worse. Service industries as a whole had a 9 per cent. fall in profits (both operating and current) in the six months to March set against a 5 per cent. increase in sales. The bleakest picture of all is in shipping where operating profits were down 70 per cent. six months before following a 67 per cent. fall last September. The fact that some of Japanese industry's profit recovery has been rather cleverly staged, that the big group investment trend is not under way. The number of companies reporting a current loss was down to about one in seven of those quoted on the Tokyo stock exchange at the end of March as against one in four at the end of last September.

ITT

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May 1976

FINANCIAL TIMES SURVEY

Friday June 18 1976

Mauritius

Like a microcosm of the multi-racial state;
the island of Mauritius is the crowded home of a number of ethnic
groups. They co-exist amicably, helped no doubt by the general economic
prosperity, which has sugar as its mainstay.

Model
for
racial
harmony

By Alain Cass

IF ONE was to imagine a small island, for the sake of argument, in the Indian Ocean, some 500 miles off the east coast of Madagascar, imagine a population of around 870,000 of whom 52 per cent. were Hindus, 32 per cent. Black Creoles and the rest a mixture of Moslem, Chinese and White settlers from France; and plant sugar but virtually nothing else; you would, on paper, be faced with one certainty and one high probability. The certainty is that you would have too many people on too small an area with too few resources. The high probability is that you would also have social unrest, racial tension and political instability.

The situation on Mauritius, which is just such an island, about 40 miles by 35, with 200 miles of coastline surrounded by some breathtakingly beautiful coral reefs, is, as one might expect, overcrowded, Franco-Mauritian hammer and

There is a high rate of unemployment, intense competition for the limited resources and, at first sight, all the ingredients for sectarian conflict. And yet there isn't any.

This is a point worth dwelling on, not so much because Mauritius's relative degree of racial harmony could be an object lesson to other places which have made a mess of much more affluent circumstances, but because it is as good a way as any to unravel the complexities of the island and put one's finger on the currents of power which drive these dynamic little communities.

Power on the island, crudely speaking, is shared by the largest and the smallest communities. The Hindus—the largest—have the votes and therefore control Government. Out of 21 Ministers in Sir Seewoosagar Ramgoolam's Labour-dominated Cabinet, 14 are Hindu, two Moslem, four Creole and one Chinese.

The smallest community, the White Franco-Mauritians, have no Ministers and virtually no political power. But they control the economy. The "Grand Blanc", as they are known, own 17 of the 21 sugar factories and are very rich men indeed. Most of them pulled themselves up by their bootstraps, and sugar, of course, remains the paymaster of the economy.

The Chinese are chiefly traders, the Indians, both planters and traders, and the Creoles, of whom there are nearly 300,000, tend to see themselves as one selves caught between the hammer and the

the Indian anvil. In fact they are a particularly gifted community whose influence in commerce is growing and who already have a considerable presence among the intellectual and political elite, with such striking examples as M. Gaetan Duval, the charismatic and ambitious leader of the Social Democrat opposition party PMSD.

Allegiance

These communities co-exist, though so far there is not much evidence of widespread integration. With the exception of two small Marxist parties—one led by a young French-educated politician and the other by an Indian—the communities remain introspective and profoundly conservative. There is some cross-over voting. (M. Duval's party lays claim to bridging the sectarian gap and does so to some extent, but basically allegiance is owed to one's community and that situation is changing very slowly indeed.)

But though the various communities remain rooted in their own tribal heartlands they co-exist and do business together and have learnt to talk each other's language because they need each other. As one Hindu put it: "Each of us has his own patch and if we trespass we do it on a basis of an understanding of the ground rules because it is in nobody's interest to turn our ethnic differences into differences of opinion."

The trouble about this is that it can lead one to think change is not taking place—which of

course is not the case. It is economic necessity and of course the dominating political influence on the island, the Prime Minister, is Indian.

Or is it part of Africa? And if so which Africa? The Africa of the militant Black nationalist or the emerging Africa of the almost apologetic co-existence between the pragmatic Black regimes of Southern Africa and the South Africa whose image its Prime Minister, Mr. John Vorster, would like to convince the rest of the world is one of conciliation and compromise?

This search for an identity recently huddled to the surface in the form of a rather gentlemanly and half-hearted protest by civil servants who objected in the fact that the Organisation of African Unity had been invited to hold its summit in Mauritius in June and early July.

The strike, led by M. Duval, lasted for a few days. Its motivation among many of the participants was not entirely clear. But two main streams of objection emerged. The first was the cost. Mauritius needs the money for why spend it on an event which is unlikely to bring any tangible returns?

The second objection had a rationale which ran something like this. Mauritius is a small island. It has to live on its wits and cultivate as many profitable relationships as possible. It counts among its benefactors Russia and China; it is a member of the Commonwealth, of the OAU and the Organisation of Francophone African

States (OCAM); it has close ties with France and depends on French tourists and—though it has no political links with apartheid as vigorously as any African State—there are close commercial links between Mauritius and South Africa. For a start, nearly 40 per cent. of tourists to the island are South African.

Therefore, M. Duval argued, to endanger all this by inviting the OAU to come to Mauritius and raise a series of embarrassing subjects and to undermine these vital relationships was, tactically, a mistake.

How deeply people felt about these arguments is unclear. To Plan; there has been slow but sure change in the structure of the economy, and above all else there has been political stability.

Whether the Prime Minister wins or not is at present an open question. There is some talk of an alliance between the Labour Party and the Marxist Mouvement Militant Mauricien led by M. Paul Benerange. Much of the business community would, not surprisingly, find such an alliance worrisome. Tax in the 45 per cent. and personal taxation starts at 10 per cent. and peaks at 75 per cent. and businessmen—especially the smaller men—might balk at the thought of greater intervention, though it would not be a transfer of wealth from the rich to the poor nations and that Africa, with its as yet untapped resources, is bound to become

in time a major world economic force. For Mauritius—so close to Africa—to ignore this reality would not only be to misunderstand how events are moving but to consign itself to outer economic darkness, he argued.

Sir Seewoosagar may be fighting his last election. He has held office since leading Mauritius to independence in March, 1968, and is now 76. The OAU rumpus apart, he will be taking to the voters a record which is impressive. Growth rates in the economy have averaged around 10 per cent. a year over the past four years. Around 50,000 new jobs have been created in the last Five Year Plan; there has been slow but sure change in the structure of the economy, and above all else there has been political stability.

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BASIC STATISTICS

Area	805 sq. miles
Population	867,000
GNP	Rs. 2,900m.
Per capita	Rs. 3,400
TRADE (1975)	
Imports	Rs. 2,000m.
Exports	Rs. 1,800m.
Sugar exports	Rs. 1,500m.
Imports from U.K.	£23.0m.
Exports to U.K.	£108m.
Currency: rupee	£1 = Rs. 12.35

M. Duval, basically pro-West, a believer in the free economy and appealing chiefly to the middle classes on the island, has managed to come back from obscurity after his party quit the coalition when he lost his job as Foreign Minister at the end of 1973. He could win, some observers think—if not this time then next time.

Either way the prospects for radical change seem to be widely discounted whoever gets in. The probability is that Mauritius will continue on a pragmatic, middle-of-the-road course and whether Sir Seewoosagar gets in or not the broad trend of policies he has laid down and the identity he has given Mauritius is likely to remain unchanged in the foreseeable future.

MAURITIUS

Highlights of Mauritian Economy:
BASIC FACTS

OUTPUT

Gross National Product (G.N.P.) at current factor cost which stood at Rs 1,281 million in 1972 rose to Rs 1,666 million in 1975. In 1974 G.N.P. further increased by 71% and reached Rs 2,920 million in June 1975.

The Gross National Product per capita has increased from Rs 1,550 in 1972 to Rs 1,996 in 1973 and from Rs 3,370 in 1974 to Rs 3,409 in 1975.

Gross Domestic fixed capital formation has seen a five fold increase over the level of the late sixties to reach Rs 750 million in 1974.

INDUSTRIALISATION

In 1972 total value of exports by the export enterprise companies was of the order of Rs 10.5 million. It rose to Rs 46 million in 1973 and to Rs 133.6 million in 1974. Employment in the Export Processing Zone increased from 2,800 in March 1973 to reach 9,952 in June 1975.

PUBLIC FINANCE

Government Recurrent Revenue for 1975-76 is estimated at Rs 995 million while the Recurrent Expenditure will be of the order of Rs 977 million. Capital Expenditure which stood at Rs 85 million in 1970-71 increased to Rs 245 million in 1973-74 and is expected to reach Rs 358 million in 1975-76.

BALANCE OF PAYMENTS

In 1974 the surplus in the balance of payments reached Rs 370 million. This size of surplus, which surpassed the earlier surplus of Rs 73 million realised in 1972 set a new record in the balance of payments of Mauritius.

TOURISM

Tourism has been developing at a very fast rate in recent years. The number of tourists visiting Mauritius rose from 27,650 in 1970 to 73,000 in 1974 and Gross receipts from tourism increased from Rs 30 million in 1970 to Rs 112 million in 1974.

INFRASTRUCTURE

Roads — Mauritius is served by an extensive network of roads. 350 miles of main roads, 320 of rural roads and

370 miles of urban roads cover the 720 sq. miles of the country.

Water Supply — Mauritius has a very well developed water supply and distribution system. Only 0.75% of the total population do not rely on piped water supply. The bulk of the demand for water at present is from the industrial sector and steps have been taken to meet this demand from ground water sources in the short run until cheaper hydro projects are developed. A water development programme which takes into account the island's requirements of water until 1992 has been recently prepared.

Communications — A Port Authority is being established with a view to co-ordinate harbour and industrial development to maximise the economic potential of the Port by taking steps to relieve occasional harbour congestion and to provide for better and more stable conditions of employment for poor workers. The Port projects for which a World Bank Loan of Rs 55 million has been obtained is estimated to cost Rs 90 million. Modern loading facilities are being provided.

The Airport at Plaisance has been developed to international standards to accommodate most type of aircraft including jumbo jets.

Electricity — The Central Electricity Board (C.E.B.) is at present expanding its capacity to meet the future demand for electricity. The generating capacity is expected to increase from 63 Megawatts in 1974 to 127 Megawatts in 1980. The rural electrification programme was started in 1970. It is expected that all the villages will have been provided with electricity by early 1977.

EMPLOYMENT

Travail Pour Tous — The "Travail Pour Tous" Programme (work for all) was started in July 1971 with the main objective of creating employment and incomes for those families whose breadwinners could not immediately find work in the economy, and has met with considerable success. This programme is a "package deal" which includes projects which are productive directly or indirectly as well as socially essential projects. This programme which started with an initial intake of 250 workers was employing 9,810 workers at the end of January 1976. As of June 1972, the level of unemployment among the male population aged 25 and above was only 5% of the labour force.

Rural Development Programme — The Rural Development Programme which was officially launched on 14th March 1973 is being partly financed by the World Bank. This programme is designed to benefit the poorest segment of the rural population and is expected to create temporary employment for about 7,400 males.

This programme consists mainly of the construction of village centres, multipurpose workshops, roads and market places, installation of water taps, fodder cultivation, bench terracing and afforestation.

EDUCATION

Primary Education — More than 95% of the primary school age children were attending school in 1973. More schools are being constructed and more teachers are being trained to improve on education standards.

Secondary Education — A new Government secondary school became operative in 1974, another in 1975, bringing the total number of state secondary schools to 8. An additional school became operative at the Mahatma Gandhi Institute.

Post Secondary Education — The University of Mauritius which was set up in the mid-sixties was catering for about 1,356 students in 1973-74 and was running more than 30 award courses. The campus is being expanded further.

An Institute of Education has been set up since 1973 for the training of secondary school teachers and for revision of curricula.

The Mahatma Gandhi Institute has been set up with a view to creating a centre for studies on Indian culture and tradition. The Institute will also incorporate a school of Asian and African Studies.

POPULATION

The Population of Mauritius as at 31st December 1975 was estimated at 867,000. The rate of growth of the population in 1975 was 1.2% compared with 3.12% in 1962.

The Crude Birth Rate in 1975 was 25.1 per thousand and crude death rate was 8.1 per thousand of population.

From Ministry of Economic
Planning and Development

MAURITIUS - II

Sugar still dominates economy

IT IS hard to talk economics in Mauritius without talking sugar. 16 per cent. of the workforce in the autumn of this year is still very high today. The little Indian Ocean island full of charm and paradox — that's the sugar industry, as it is virtually impossible to move more than a mile or two without being engulfed by the tall sugar cane plant in flower and ripe for cutting.

Despite the intense current debate over the need to diversify the economy rapidly, sugar remains the predominant fact. It pays the island's current expenses; it feeds capital development and, for the time being, underpins the finely balanced stability of this very complex and dynamic community of widely differing interests.

But things are changing. Though sugar remains in an unassailable position there has been enough structural change in the past three years and sufficient growth in other areas of the economy to suggest that Mauritius may not be a mono-crop economy for very much longer.

Economic factors apart, there are social and political reasons pushing for change. First, there is the dynamism inherent in the Chinese and Indian communities who are heavily involved in commerce and industry. Secondly there is the need to create more jobs. Unemployment at the last population

census in 1972 was running at 16 per cent. of the workforce. The sugar industry, as it is virtually impossible to move more than a mile or two without being engulfed by the tall sugar cane plant in flower and ripe for cutting.

Under the 1975-80 Five Year Plan the target for new jobs is 50,000 over the whole period. Many observers regard this as unrealistic—though judging by the fact that the target in the previous plan of 50,000 new jobs was more or less achieved, perhaps not hopelessly so. At any rate it is likely to prove difficult, and one point on which everyone agrees is that whatever growth rates Mauritius achieves in the next five years, a net emigration of some 3,000 to 5,000 job-seekers a year is going to be needed if unemployment is not to reach socially and therefore politically unacceptable levels.

The third catalyst for change in the structure of the economy acting to diminish the relative importance of sugar is, paradoxically, the result of decisions being taken by the sugar industry itself to diversify its holdings. As explained in the introductory article, the so-called sugar barons, who are mostly white and in a minority with no political base to speak of, are beginning to realise that in order to maintain their hegemony over the commanding heights of the economy they have to get into the growth areas on the ground floor. That means diverting a large proportion of their retained profits as possible into sugar. One reliable estimate is that up to 22 per cent. of capital invested by the industry goes into diversification—mainly services, tourism and manufacturing.

Under the Plan the output target for the manufacturing sector is Rs.650m. (£35m.), an annual growth rate of 20.6 per cent. The planners believe this will create up to 47,000 new jobs which, again, is regarded as over-optimistic in some quarters. But it gives an indication of the heavy emphasis placed upon the shift of resources out of sugar.

A brief look at the employment and output targets for the various sectors of the economy as well as the structural shift in resources underlines the Government's drive to broaden the economic base.

Output

Agriculture (which includes sugar as well as the very small quantities of tea and rice produced) is expected to grow at an annual rate of two per cent. in output terms and less than one and a half per cent. in employment, while new jobs in manufacturing are expected to grow at 17 per cent. annually, in hotels and restaurants at 8.9 per cent. and infrastructure and services by over 11 per cent. a year.

Sugar and tea as a proportion of Gross Domestic Product—at constant 1974 prices—are expected to decline from the present level of 55 per cent. to around 42 per cent. in 1980.

The biggest growth rates both in relative and absolute terms are seen in the manufacturing and service sectors, which is estimated will grow to 15 and 21 per cent. respectively of GDP by 1980.

To some extent rapid economic change is already under way. The Government's policy of encouraging labour-intensive export processing industries has been fairly successful. Attracted by what are really very low wages, manufacturers of low-volume high-turnover products have come in reasonably large numbers to set up shop in the export processing zone (EPZ). There are attractive financial incentives, such as long tax holidays. The Mauritian woman, who gets paid around half a man's wage—is a skilled and adaptable worker and the likelihood of anything but a middle-of-the-road laissez-faire government coming to power in the foreseeable future is regarded as very slim.

In a small way there are some remarkable success stories in the free zone. In textiles, Mauritius uses its low-cost advantages to exploit fully to advantage under the Lomé convention between the African, Caribbean and Pacific countries and the EEC. The convention allows free access to about 90.2 per cent. of imports from the ACP countries. One knitwear concern, for example, employing 2,000 people, exports about Rs.30m. of pullovers and could, in two weeks production, provide all the pullovers the Galerie Lafayette stores in Paris require in one year. Mauritius is now France's second-largest pullover supplier. It used to be the U.K.'s No. 1.

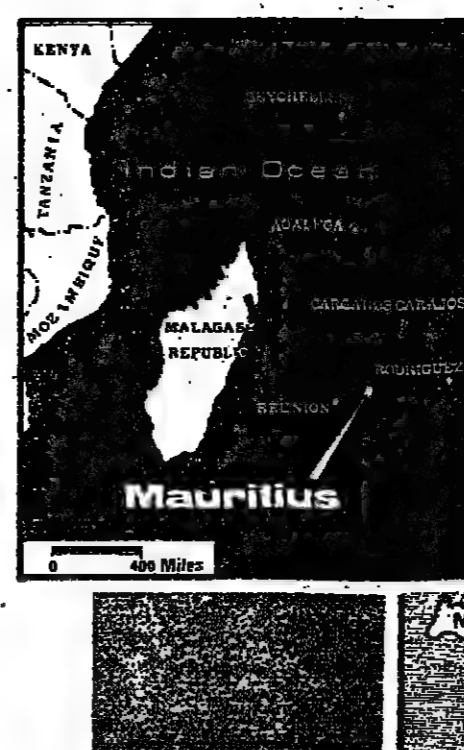
Most observers would therefore say "so far so good." Sugar

Unrestrained

But there are dangers in a situation of unrestrained growth. Mauritians are fond of pointing to what they call their spectacular growth rates: 2.7 per cent. in 1970, 11.4 in 1971, then 25.9 in 1972, nearly 30 per cent. in 1973 and a staggering 75 per cent. in 1974. These, of course, are in current prices, but at factor cost growth has still been extremely healthy, averaging, it is estimated, 10 per cent. annually over the period of the last Plan.

The other side of the story is that the Government's efforts to restrain demand pressure in the economy have not been entirely successful. Inflation is measured, rather inadequately, by a limited consumer price index which shows that prices rose by 30 per cent. in 1975 and by 14 per cent. on an annual basis by June of this year.

The real picture is probably rather more sobering. At a rough estimate observers reckon that of the 75 per cent. growth in GDP at current prices in 1974 more than 50 per cent. was inflation, and that last year and



this year it is running considerably higher than official figures suggest. But if the cumulative effect of these measures has been to cut down inflation (which it has), recent wage settlements could undermine the good work.

Officials maintain that the rate is coming down and this certainly seems to be the case. Fiscal and monetary measures since 1973 have been directed chiefly at dampening demand pressures. Various regulatory measures have been used, including raising bank reserve ratios, issuing commercial paper to soak up excess liquidity and imposing import surcharges. But these have not been entirely effective because in the case of the credit restrictions introduced in 1974, for instance, these were selective so companies simply switched investment borrowing from restricted sectors to unrestricted ones such as manu-

factures. As the central bank report with something of a raised eyebrow, "The process of continuous wage increase started off in 1973—has gone unchecked in 1974-75." It has been fed chiefly by the rise in prices and the acute shortage of labour in some sectors.

Inflation

As a heavily export-dependent economy and imports-dependent Mauritius suffers from imported inflation. But as the central bank has there is a strong case for saying that price stability and an inflationary spiral is unlikely to be defeated unless proper wages policy is introduced. It would, however, be unwise and misleading to say that the economy is anything but healthy and, for what is still a developing country, is achieving a remarkably high level of sophistication. So long as certain variables do not change dramatically—the price of sugar, the inflow of foreign investment, the high rates of growth in the emerging sectors of tourism, industry and services—Mauritius will remain one of Africa's most affluent countries and become perhaps one of the most developed among the developing nations of the world.

Alain Ca

Farmers urged to seek diversification

THE CULTIVATION of sugar cane has been the driving force behind Mauritian life for so long that sugar has come to have an almost theological significance. The island thinks and dreams sugar. There are just over 225,000 acres under agricultural production, of which about 205,000 acres are devoted to sugar cane. That does not leave a very large balance for other crops for the domestic market and export. The idea of slicing off valuable sugar cane acreage for lesser crops is unthinkable to the sugar barons.

Common sense indicates that it is dangerous to rely too heavily on one crop. Only last year the sugar plantations were devastated by a cyclone, as happened also in 1960. Moreover prices could be hit or some other disaster could befall the plantations.

But it is unlikely that any crop could overtake sugar in economic importance. What Mauritius is trying to do, with varying success, is to diversify in a reasonable and practical extent, and, more important, to make itself self-supporting in foodstuffs and other areas of import substitution. It is also vital to find other areas of employment in a country where the population is not decreasing.

The island imports 65,000 tons of rice a year, the staple diet of the 570,000 Indo-Mauritian majority and the 25,000 Sino-Mauritians. That makes heavy inroads into scarce foreign exchange. Most of the food for the island's highly successful poultry industry, for instance, also has to be imported, taking the toll off the gingerbread.

Self-sufficient

Gallant attempts are being made to diversify to make the island self-sufficient at least in food. One problem for agriculture, including the sugar industry, is that the young people are reluctant to work in the fields. Education standards are high in Mauritius and most young people either want white collar jobs or, at worst, to work in the new factories.

The biggest non-sugar agricultural sector is tea, production of which was begun in 1957 with the aid of a World Bank loan of \$5.2m. Tea production has three important objectives for Mauritius: it has an important export potential after local consumption has been satisfied, it is labour intensive and is ideal for smallholder production. Mauritius is now self-sufficient in tea (699,676 kg a year), and it is now being exported to South Africa and the U.K.

The present area under tea is 13,124 acres, from which 4m kg of leaf was processed in 1974.

Acreages

Efforts are being made to maintain the present acreages, and it is hoped to raise yields from existing plantations by better cultural practices. The present research programme is being stepped up to this end. Efforts are also being made to improve quality to enhance Mauritian tea's competitiveness in the world market. But it is likely the Government will have to guarantee the price of leaf at a remunerative level by means of subsidies. A subsidy of 40 per cent. is already being paid on fertilisers. To some extent, the employment level has been achieved with 14,000 employed in the industry as a whole. Many are women, but the tea industry is finding that with the development of light industry in the island women prefer to use their skills in town factories rather than in the fields.

By raising yields it is hoped to increase production from 4m kg in 1974 to 7m kg by 1980. Exports should go up to 5m kg, from 3.4m kg in 1974 to 6.1m kg by 1980. Value of production in 1974 was Rs.20m., which could, it is believed, be raised to Rs.30m. by 1980.

There are some 1,100 tea smallholders, each with two-acre plots, grouped in co-operatives. Two acres is the estimate for working by one family without having to hire additional labour. The island has eight tea factories.

Driving round the island one can often see pockets of tobacco planted neatly between the sugar cane fields. Tobacco has been grown since the 18th century but cultivation is now being intensified. This is another effort at import substitution which has almost achieved its object. Some 5 per cent. to 6 per cent. only is now imported to blend with local tobacco for cigarette manufacture. Annual production between 1971 and 1974 was about 600 tons, but consumption is steadily rising. Tobacco growers are finding it hard to find new land and local production may not keep pace with demand.

Mauritius's biggest challenge in import substitution is growing rice. It is improbable that enough can be grown to save on the huge import bill, but some

fascinating experiments are going on with aid from Taiwan. Rice could be grown widely in Mauritius but land under sugar cane, in view of present world sugar prices, are not likely to shift to rice growing. The total land that could be brought under rice with irrigated conditions, is about 7,000 acres and production of about 1,500 tons of rice is considered to be feasible by the late 1970s, against the annual average of 950 tons between 1971 and 1974.

In some areas rice is being experimentally grown between the lines of irrigated sugar cane, which, if successful, could extend the potential acreage enormously. Here again a problem is labour availability. Workers are not readily adaptable to rice-growing under flooded conditions.

With a growing population and a large influx of tourists as new hotels go up, there is a drive to produce many other food crops locally to avoid the necessity of having to step up imports. The island is almost self-sufficient in potatoes, but seed potatoes still have to be imported.

To meet the increasing demand for fresh vegetables of all kinds it is planned to increase production from the present annual average of Rs.37m. to Rs.39m. by 1980. Maize and groundnuts are being grown between the sugar cane in humid areas. Larger intervals between the lines of cane are being introduced without affecting sugar yield, and it is estimated that this system will release 32,000 acres to produce 16,000 tons of maize and 15,000 tons of groundnuts a year. The government has fixed floor prices for rice and maize to encourage agricultural diversification, and this is to be extended to a wide range of food crops.

Livestock and poultry production has received intensive study. About two-thirds of the total meat requirements of the island are now being met by local farmers. The island is self-sufficient in poultry and egg production. By 1980, the end of the current five year plan, it is considered to be economically and physically possible to produce 90 per cent. of the projected requirement of 10,000 tons of meat a year.

Most of the island cattle herd is owned by small cowkeepers, but quality is not good and the Government, through the Mauritius Meat Authority, is trying to improve the general quality of animals as well as step up the numbers. The authority buys animals from breeders for grading into slaughter, breeding and fattening categories. It is also extending its activities to milk produc-

tion. Two milk production units are being established as part of a new look dairy industry.

With the rapid development of a new animal feed based on sugar cane by-products it is hoped to produce 3,250 tons of feed annually in the next three years. Molasses production is planned to increase to 205,000 tons by 1980. This, with 1m. tons of canetops, would sustain a population of 180,000 head of cattle to provide 80,000 head for slaughter, equivalent to 13,000 tons of beef a year. Mauritius is self-sufficient in pork, some coming from the island of Rodrigues to the east, which is Mauritian territory.

It seems inconceivable that, situated in the huge richly endowed Indian Ocean, Mauritius should have to import fish. The total amount of fish available on the island in 1974 was 9,500 tons, of which about half had to be imported.

Consumption is expected to rise sharply in the next few years to about 14,000 tons, but imports will still make up a large shortfall. About 3,300 fishermen are engaged in lagoon fishing, and they also go just outside the reef. They produced about 2,000 tons a year over the past few years.

Vessels

There are five fishing companies owning vessels with a total capacity of about 700 tons a trip, which fish in the banks and deep sea fisheries. With six fishing trips annually they bring in about 4,200 tons.

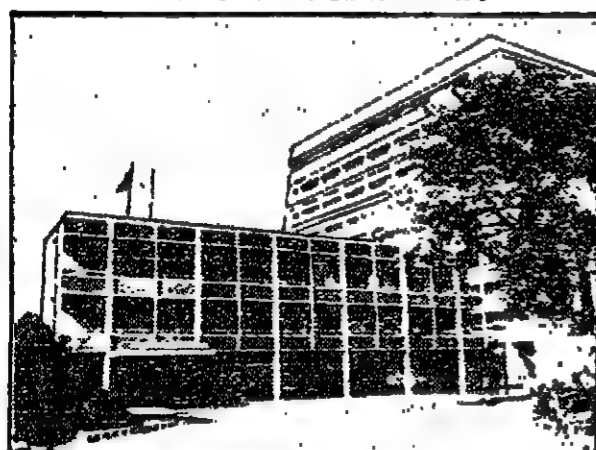
But the big pelagic fishing is left to the Japanese, the Taiwanese and the South Korean long-line vessels, which have used Mauritius as a base since 1964. They mainly fish for tuna and sell their catch to the United States; 15,000 tons are shipped annually. A small amount is available for the Mauritian market. One Mauritian factory is engaged in processing tuna for export, working under contract with the fishing fleets.

There has been considerable success with the rearing of the delicious freshwater prawns (camarons). Two hatcheries are due to be completed in the near future. The potential is about 20m. juveniles a year for stocking ponds. This could lead to a production of some 500 tons of prawns annually.

Food production, the question of diversification and import substitution is now being co-ordinated under the National Food Production Committee, which brings together Government, private enterprise and, of course, the vital sugar barons in a new effort to make Mauritius self-sufficient in foodstuffs.

John Worrall

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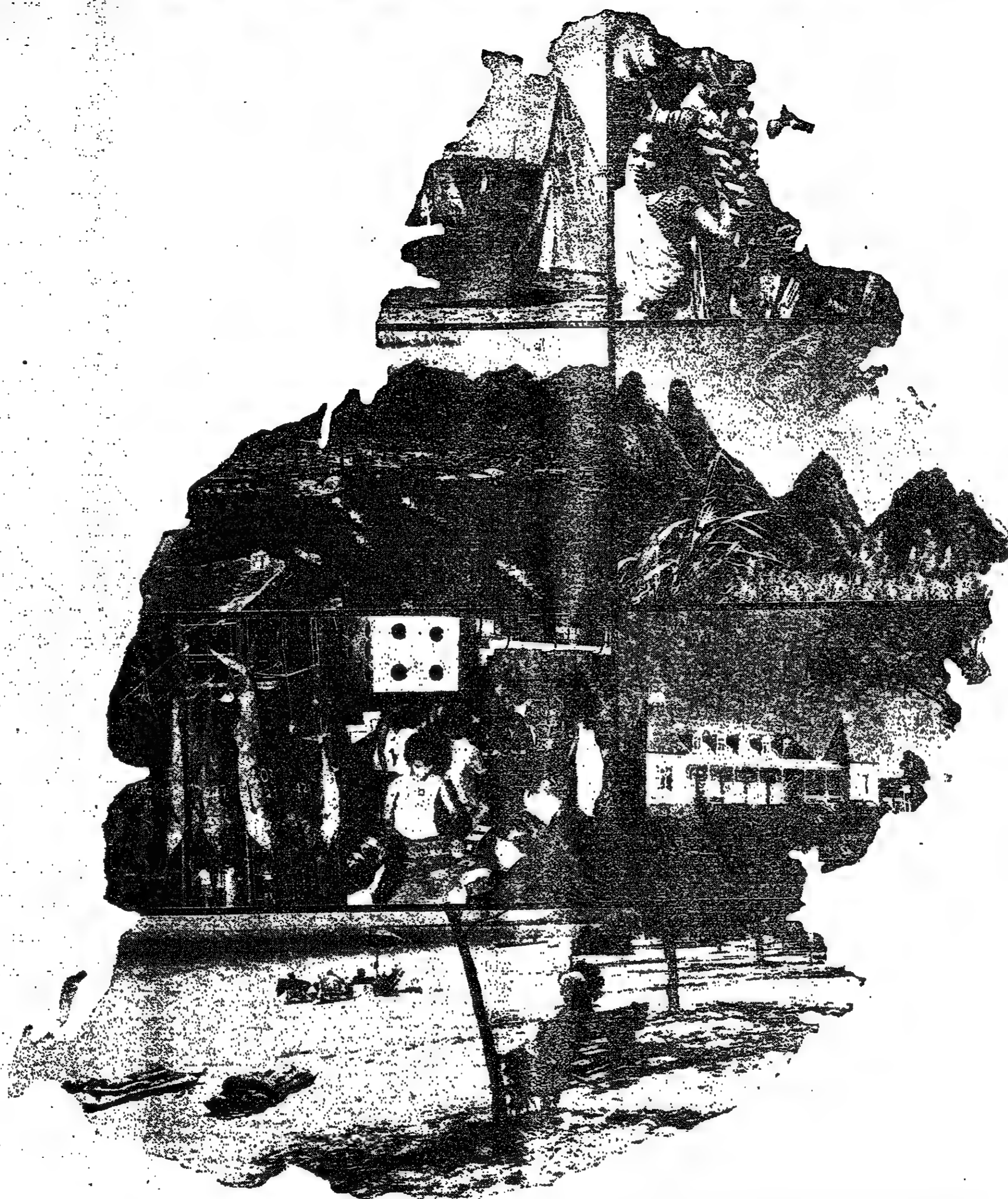
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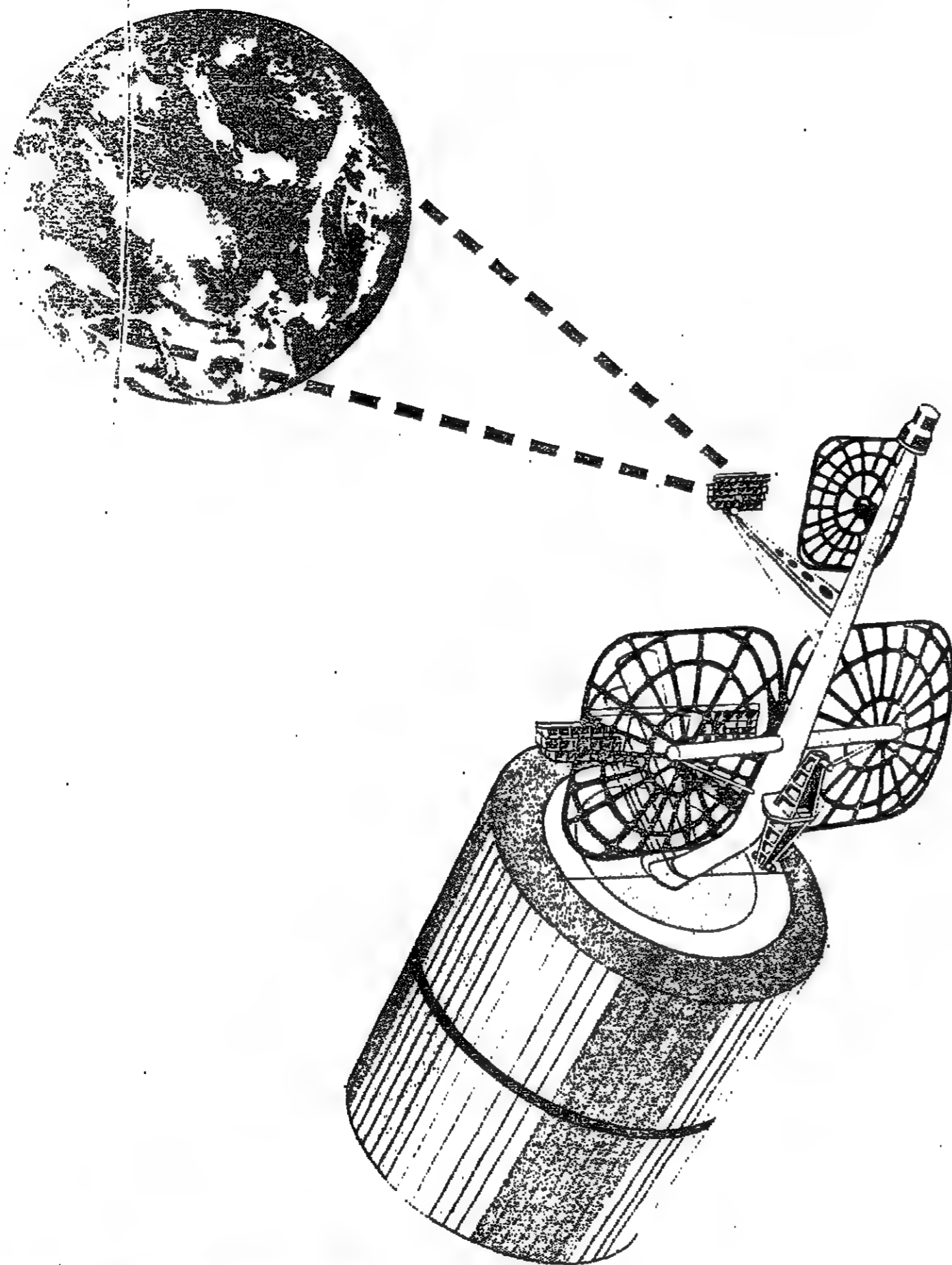
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MAURITIUS IV

Industry relieves labour problems

A TWO-LANE motorway starting from Port Louis, the island capital, runs through one of the most idyllically situated industrial areas in the world. Factories and workshops are set against the grey masses of distant mountains. Garden-loving Mauritians have planted purple bougainvillea, yellow canna and scarlet poinsettia round factory fences and in factory gardens.

Some factories are small, some, quite large. Many have been built in the past three or four years, some only yesterday. Most are busy, many are thriving. People who have not visited Mauritius for many years are amazed at this complex of industries, where, only six years ago, hardly any existed.

These industries represent an important arm of the national campaign to diversify away from sugar. Some are aimed at lessening the island's dependence on imports. Some are manufacturing for export. Besides giving a boost to the economy generally, they also have the vitally important function of creating new labour opportunities in an island where unemployment is endemic.

Mauritian industry to-day is engaged in a wonderful variety of ways, making an amazing variety of goods. It assembles watches, makes funny hats and masks for Brazilian fiestas, teddy bears and woolly animals for Europe's children, cuts diamonds for London and Amsterdam, makes electronic components and parts, processes Chinese-style rattan furniture, and a guarantee against spectacle frames, plastic key rings, mirrors, nails, razor blades, industrial chemicals, crown corks and detergents.

Some of the biggest firms are engaged in textile manufacture for export to Europe. It was found that among the men and women working in the sugar plantations were many hidden talents that only needed training and encouragement. To-day they are weaving, sewing, cutting, fitting and designing. They are making dresses, trousers, jeans, men's suits, scarves and a wide range of high-class knitwear.

It is hardly conceivable that this little speck of an island in the Indian Ocean, thousands of miles from any main centre of population, is now selling knitwear to the fashion-conscious and demanding countries of the EEC. A young Mauritian banker told me: "We have completely flooded the French market with knitwear and have become its second largest supplier." One factory, employing 2,000 girls, is turning out 6,000 pullovers a day, all for export.

Mauritius started seriously to foster industrial development in the 1960s. Investment was encouraged with tax holidays, and other incentives. Then, at the beginning of the 1970s, Mauritius, fired by the example of Hongkong and Taiwan, made an imaginative plunge into the export scene, with the creation of export processing zones (EPZ), a scheme which shows signs of being remarkably successful in spite of a host of problems.

Under this scheme, the Government offers foreign industrialists an attractive package of facilities, advantages and benefits. These include a corporate income tax holiday from five to 20 years, no income tax on dividends over a period of five years, exemption from import and excise duties on raw materials and capital goods, free repatriation of capital and remittance abroad of corporate profits and dividends, permanent residence permits for professionals, free repatriation of salaries and gratuities of expatriate staff, long- and short-term loans at preferential rates, and a guarantee against expropriation.

Investors are offered cheap electricity for factories. They can get standard factory buildings at low rents, there is excellent infrastructure, including a modern road network, and Port Louis offers them a good harbour, now being deepened, modernised and containerised. There is a modern airport, and another larger one is under construction.

The most valuable attraction of all to industrialists is a plentiful supply of literature, Kong, Japan, India, Pakistan and adaptable labour at comparatively low cost, although wages are inevitably going up. Textile manufacture is like men's shirts, women's blouses, pyjamas, sportswear, uniforms and, overwhelmingly, knitwear, are on top of the list with several firms making electronic components.

Criticism

There has been some criticism of the fact that most zone industries, especially in the textile and electronics factories, employ mainly women. Some 85 per cent of the workers are women, and efforts are being made to switch the trend, especially as the EPZ is expected to produce half the 47,000 additional jobs planned for the 1975-80 period.

This trend is not necessarily due to the fact that women in Mauritius receive lower wages than men, but rather because industrialists have found that women are more adaptable than men to most of the skills required. But the very existence of the zone factories have created many job opportunities for men, such as the construction of the factories, the infrastructure being put in, road-building and other ancillary work.

Critics of the employment of women in these jobs seem to forget that the pay packet of the woman may be a life saver to a poor family. Her job of course would simply not have been available 10 years ago.

So far some Rs.100,000 has been invested in the EPZ industries. In 1974 the f.o.b. value of exports from the zone amounted to Rs.136.6m, mainly to the EEC countries, Australia and South Africa.

The Mauritius Government will be increasingly looking for investment projects which are labour-intensive, but it realises that it is in keen competition with other developing countries trying to upgrade their export industries. Mauritius feels it has an advantage in competitive production costs, easy access to markets weighted against high free costs.

John Worr

Sugar seeks better yields

THERE IS more to the economy of Mauritius than sugar—but not very much more. The relative importance of sugar in the overall economic structure is likely to decline but for the time being it is king and its kingdom seems quite secure.

It accounts for 65 per cent of all output value and over three-quarters of export earnings. It covers most of the cultivated area of the island and employs well over one-third of the working population. Apart from the central uplands, which are unsuitable for cane, and a few thousand acres down on the west coast which would have to be intensively and expensively irrigated to support the crop, virtually all the cultivable land had been planted to sugarcane by the mid-sixties.

Cane sugar was introduced in Mauritius by the Dutch in 1639. By 1840 the island was producing 41,000 tons of sugar from 200 factories. To-day there are 21 factories producing around 700,000 tons annually.

Production is highly labour-intensive. Despite very low wages by comparison with other sugar producer-countries are rising rapidly and the big producers are arguing that they need to mechanise harvesting—processes is already a highly sophisticated and capital-intensive process—in order to prevent their margins being whittled away.

To give an idea of just how labour-intensive the industry is, one only needs compare its labour/output ratio with, say, that of Hawaii. The Mauritius sugar industry employs around 70,000 to produce 700,000 tons, while in Hawaii over 1m. tons are produced by less than 10,000 workers.

Many of the big producers have begun to introduce mechanical harvesters and the potential savings—after ironing out the considerable teething problems such as deracking and adapting the machines to the hilly terrain—could be considerable. At present it takes one cutter to harvest a maximum of two tons of cane a day. A single harvester cuts up to 300 tons a day. The saving would therefore be 150 workers.

There is a problem, however. Unemployment in Mauritius is per cent but the industry already high, despite a big effort at around 1140 but is

SUGAR SALES ('000 tons)		
Exports	1974	1975
Negotiated price quota	385.9	—
EEC quota-sugar protocol	—	384.4
U.S. quota	40.1	—
World free market	239.3	52.0
Total exports	665.3	447.1
Cosmetic consumption	33.7	26.8
Total offtake	719.0	481.2

* A quantity of around 113,000 long tons, attributable to the calendar year 1975 was held in stock for account of U.K. buyers and was shipped in 1976. Source: Mauritius Chamber of Agriculture.

effort to mop up labour in the last five year plan. This means that the sugar producers cannot be allowed to shed labour too quickly.

But sugar remains a highly profitable venture. Net profit of the 21 big producers this year on the sale of 300,000 tons of guaranteed quota sugar in the EEC at the recently concluded price of £188 per ton will yield net profits of over £25m.

The industry has had its fair share of hefty wage rises—up to 40 per cent, with several months back pay—but in a good year it still manages to pay up to six months' bonuses.

In 1976 return on capital employed for the industry as a whole is expected to fall to around 8 per cent. This is the lowest since 1970, when it was 6 per cent, and is due chiefly to rising costs and the aftermath of last year's cyclone Gervaise, which destroyed nearly one-third of the crop. In 1975, however—the year of the cyclone—return on capital was 23 per cent, and the year before that 55 per cent.

Despite the hard bargaining and the not unexpected cries of protest from the sugar producers during this year's sugar price talks between the EEC and the ACP countries, Mauritius (whose cost of production is per ton is put by the industry already high, despite a big effort at around 1140 but is

probably a little lower than that) would have been happy with the Community's original offer of £180 per ton.

The basic price guaranteed by the Community in fact constitutes a minimum safeguard price (MSP) payable for the sale of ACP sugar to the Community market. The Community therefore theoretically intervenes at the MSP only if the sellers cannot find a market in the Community above that price.

In 1975 the Mauritius Sugar Syndicate, which is the sole marketing organisation, negotiated with the British refiners Tate and Lyle and Manbre Sugars an agreement for the sale of the entire EEC quota to the U.K. for the quota years ending on June 30, 1980—in addition to 1975. Under the agreement the Syndicate can only sell 50,000 tons of the quota to other buyers within the EEC. Since all the cyclone-hit crop for 1975 was sold to the U.K. none was left over for sale to Mauritius's other markets, which include the U.S. and Canada.

The producers were cushioned against last year's cyclone damage by their own sugar insurance fund, set up in 1946, to which they all have to contribute on a sliding scale. After the devastation of the cyclone, Mauritius struck the fund on February 6, 1975, at a speed of up to 174 mph. The fund paid out some £30 million.

Showers

Tonnage of cane harvested in 1975 was 4.3m. tons compared to nearly 6m. in 1974. Production was the lowest since 1960, when the island was hit by a cyclone of similar intensity.

This year has got off to a much better start after heavy showers in November of last year and later very favourable weather, and a bumper if not record crop is expected.

One of the great advantages of the sugar industry in Mauritius is its ability to cut down on capital replacement costs. Although the rate of depreciation allowable against tax is no more than 10 per cent, annually and producers estimate that to replace a factory over 23 years at that rate would leave them, over one-third short of their cash requirement. They

gain considerably as up to a third of the machinery they use is manufactured locally.

The outlook for the industry according to its own forecasts is uncertain. The rapid fall in the price of sugar on the world market points ominously ahead. Spot prices in London have gone from a high of £1 in 1974 to the current level around £180.

The production target 1980 under the Five Year Plan is set at 600,000 tons, but most observers agree is unrealistic. The Plan also targets the achievement of 1 target implies a potential nearly 100,000 tons over under optimal weather conditions.

To achieve this target, industry has set itself cost tasks, the chief of which is to contain costs by improving productivity mainly through improvement in cane yields. Present yields average 3.7 tons of sugar per acre (11 acres). To achieve the 800-ton target an overall increase in yield of 3 per cent, or more, over the next five years will be needed.

Additionally, the industry wants to group the small planters (there are nearly 29,000 of them) into larger co-operatives. Crop yields on large estates are significantly higher than on small plantations.

It also wants to achieve economies of scale through factory rationalisation by reducing the total number of factories from 21 to 10. It wants to mechanise further and make fuller use of by-products such as molasses and fibres. One idea is to use the residual fibre from cane (about 10 per cent of the cane content) to make paper. A persuasive large European paper manufacturer in set up export plants on Mauritius which compete favourably in the present conditions of pulp scarcity. Given the present shortage of paper this sounds a good idea.

How much of all of this can actually achieve remains to be seen. But if its past record is anything to go by this small but basically very well-run industry should be able to do it.

Alain Ca

مكتبة الأمل

lieve blems Tourist trade seeks new markets

THE MAURITIANS possess one of the most exportable commodities in the world—sugar, and that is the envy of their tiny, 720-square-mile island. More and more people from distant parts want to spend holidays in Mauritius, with an explosion of new hotels the tourist industry seems set for expansion.

The climate of Mauritius is tropical but always caressed by breezes. The shores are fringed by sandy beaches, which are themselves encircled by a reef rich in marine life. It is a paradise for divers and skin divers, where mountains thrown up by ancient volcanic eruptions stand in a great central massif, dominating the island. There are ruined French ports and abandoned 19th-century sugar mills, and in the forests are deer still wandering. There are marvellous botanical gardens and elegant French colonial villas and you can drive through fields of green sugar cane with feathery flowers. The people are charming, handsome and bear the signs of an exotic racial mix of European, Indian, African and Chinese origin. In their dealings with each other they speak fascinating French patois. If you receive a Government letter it will be written in English, the official language.

ospitality

The island lies in the middle of the Indian Ocean, but jet travel has brought it near to the tourist sources. The tropical hospitality of the Mauritians makes the island an agreeable place to visit. Mauritians commonsense make it clear that sooner or later the island must diversify away from the perishing sugar session with sugar, to find an insurance against bad sugar prices and cyclones. Local business enterprises like the Gers Group put money into the hotel industry and activated the tourist industry in other ways. International enterprise was attracted, believing that

Mauritius with its great tourist assets could easily be sold as a destination in Europe, America and elsewhere. So first class international beach hotels began to go up in attractive spots round the coast. The Government improved the infrastructure and Mauritius was away on a tourist build-up that, though still comparatively modest, has made the industry the second biggest foreign exchange earner after sugar.

Mauritius is so well situated geographically that tourists can conveniently fly in from most corners of the globe, from as far away as Australia or as near as the neighbouring French island of Réunion. This is a huge volcanic mountain with steep cliffs going down to the sea and hardly any beaches. Réunion people go to Mauritius for the beaches, the bright lights and the French. More tourists come from Réunion (23,232 in 1974, a figure which is rising year by year) than anywhere else, but the hotels complain that they don't spend much apart from the basic necessities.

The second largest tourist source is South Africa (24 hours flight from Johannesburg), with 14,193 visitors in 1974, a figure that is also rising rapidly. The South Africans do, of course, have beaches of their own but love to travel where and while they can. The Mauritians show no signs of changing their pragmatic policy towards South Africa, even hoping that South Africans will learn something from the relaxed racial mix in Mauritius.

Only a few months ago, in December, a £2m. luxury hotel, the "St. Geran," financed by the South African and Mauritian capital. It is managed by the South African hotel chain, Southern Sun. Package tours are flown regularly from South Africa, mostly aimed at this hotel.

Mauritius is drawing more and more tourists from Europe, with France, topping the list with 7,874 in 1974, Britain 3,432, Germany and Italy about 1,000 each. The 1974 total was 73,015, which included 3,351 from Australia and 1,308 from India.

Tourists from Africa are increasing, and Mauritius may well have a tourist link up soon with Kenya and the Seychelles. Zambia's 3,332 visitors in 1974 may have fallen last year because of currency restrictions there. The American arrivals are disappointing, with only just over 1,000 (including Canada), but Mauritius is a long way away.

Upward

Tourism has shown a consistent upward trend over the last nine years, rising from 14,814 visitors in 1967, to 73,942 recorded in 1975. The average number tourist nights has been steady at between 10 and 12. In terms of foreign currency earned tourism is giving a fair boost to the economy.

Gross earnings from tourism more than trebled during 1970-74, reaching Rs.112m. in 1974. Some Rs.80m. was directly spent in Mauritius by tourists. But a great deal of the food and drink consumed by the big hotels has to be imported, making a dent on foreign earnings, though this may diminish as Mauritius becomes more self-supporting in foodstuffs.

The tourist industry is a considerable employer of labour. It is estimated that for every bed in use one person is employed, plus two in the spin-off occupations like running taxis and selling souvenirs. The number of beds in 1974 was 3,000, giving on this basis an employment figure of 9,000. In the period of the new development plan, 1975-80, it is expected that about 2,000 new jobs will be created directly in the industry with the burgeoning of new hotels.

The Government provides special financial concessions to encourage hotel development. High priority is given to international standard hotel projects, which maximise the rate of return on resources invested.

The most recent luxury hotel, La Pirogue, was opened early this month by the Prime Minister. The hotel, the main building of which is designed in the shape of the sail of a

Pirogue fishing boat, is a joint British-Mauritian venture.

Investment in La Pirogue amounts to about £2m. in equity and loan capital, put in by a consortium of local and British investors. It is being managed by Landmark Hotels (Mauritius), a subsidiary of Landmark International Hotels of London.

The French are also in the hotel business with their Club Méditerranée, on the north west coast which has been operating successfully since 1973. The hotel building trend goes on with two projects planned by the Indian Oberoi and Sheraton groups.

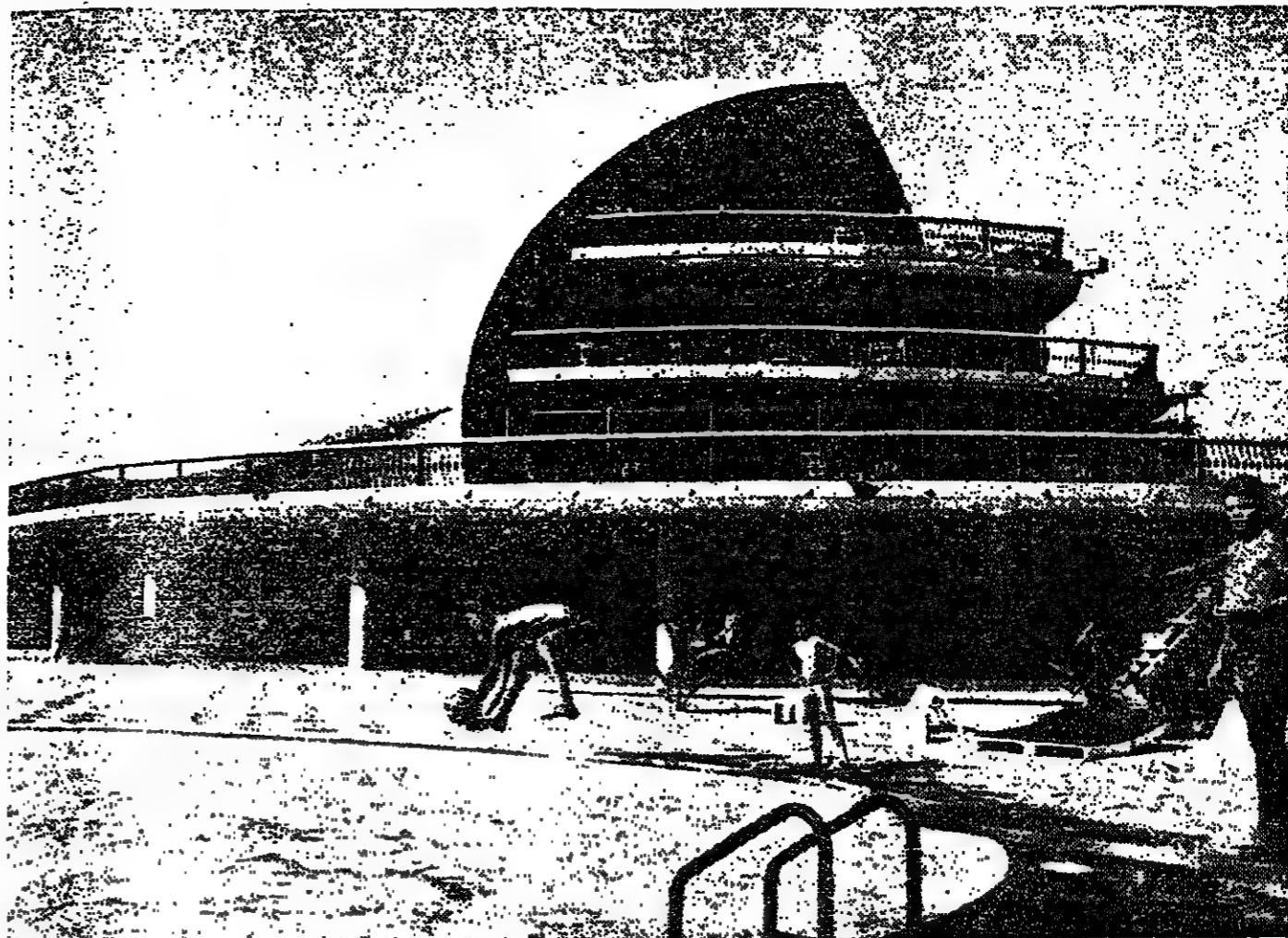
Government policy is to forestall possible takeover bids by foreign firms insisting on a local content of 30 per cent in the capital investment.

The only existing airport at Plaisance has recently been enlarged, and a new airport in the north of the island is to be built. Plaisance is now served by 11 major airlines, with jumbo jets of Air France and British Airways now in service. Mauritius is to be served by a new national airline, Air Mauritius, in foreign earnings, though this may diminish as Mauritius becomes more self-supporting in foodstuffs.

Some 600 miles of good tarmac roads cross the island, and a new trunk road is to service the new airport. The Government is actively promoting tourism with a capital expenditure of Rs.4m., with a further Rs.1m. spent on the training of hotel and catering employees. Promotion is being aimed at the African and European markets. Plans are also afoot to bring other Indian Ocean countries into a regional promotion scheme.

There is concern in some circles that tourists may take over this small developing country, bringing a vision of foreign wealth that may corrupt and embitter the charming and friendly Mauritians. But this is a risk being run in many developing countries. It is much too late for Mauritius to turn its back now.

More urgent is the need to control the depredations on the reef, now, it seems, wide open to anybody who wishes to strip



ABOVE: La Pirogue, a newly built luxury hotel, designed in the shape of the sail of a Pirogue fishing boat.

RIGHT: Sugar is the mainstay of the Mauritian economy, accounting for over 80 per cent. of export earnings.

It is of coral, shells and other marine life. One marine biologist visitor told me that, at the present rate of tourist influx and with the growing demand for shells and other marine curios, the reef could be destroyed in two to five years. He pointed to the disaster now facing the Kenya coral reef outside Mombasa and Malindi, only recently checked by tough conservation regulations. The most practical suggestion came from the management of La Pirogue, and that is for the Government to establish marine parks along the coast. It would be ironic if the wonderful life of the reef was wiped out like the dodo, which was shot to extinction by Dutch sportmen 300 years ago.

John Worrall



Mauritius Export Processing Zones

Mauritius, an associate member of the European Economic Community with special entry privileges for its products into the Common Market—in addition to belonging to the British Commonwealth, is now flourishing as never before. The Mauritius Export Processing Zones (MEPZ) set up by the Government in 1970, continue to attract foreign investors from America, Australia, Britain, France, Germany, Japan, India, Hong Kong and so on.

	No. of Companies	Employment	Exports in M Rs
Jan—March 1974	30	7,146	21,878,369
March—Dec 1974	45	8,969	134,073,893
Jan—Dec 1975	66	11,401	196,154,332

The products manufactured in these zones include electronic components; knitwear; model boats; soft toys; polished diamonds; garments etc.

Companies with technical know-how and marketing outlets found the MEPZ ideally suited for light industries of great labour/skill intensity where the value added factor was substantial. In fact Mauritius has a large reserve of human resources easily adaptable to new and modern techniques of production. Wage scales are much lower than for similar categories in developed countries. There is also a vigorous well-financed local private sector keen to enter into joint venture arrangements with foreign investors.

Steps have been taken to ensure priority of treatment and particularly favourable conditions to investors to facilitate successful enterprises and help them meet their export targets. The Administrative machinery which is centrally located in the Ministry of Commerce and Industry has been geared to this requirement and legislative measures have been taken to fulfil these aims (Export Processing Zones Act, 1970). Lately following representations by the Minister of Commerce and Industry, leading airline and shipping companies have reduced their freight rates substantially for export—processing industries in Mauritius.

This success story can be largely accounted for by the unique package of incentives and facilities offered by the Mauritius Government, the main ones being:

- 1 Complete exemption from payment of import duty on capital goods (machinery, equipment and spare parts).
- 2 Complete exemption from payment of import and excise duty on raw materials, components and semi-finished goods (except spirits, tobacco and petroleum products).

- 3 Corporate Income Tax holiday for a minimum of 10 years and a maximum of 20 years depending on the merits of each case.

- 4 Exemption from payment of income tax on dividends for a period of 5 years.

- 5 The issue of permanent residence permits to promoters and shareholders as warranted by the size of their interest.

- 6 Priority wherever possible in the allocation of investment capital by the Development Bank of Mauritius.

- 7 Provision of reinforced factory buildings for use by industrialists, alternatively, loans of up to 80 per cent of total building cost for a 10 year period

- 8 Free repatriation of capital and remittance abroad of profits and dividends to companies with an approved status.

In 1976 prosperous and peaceful Mauritius still wants to intensify its promotional efforts towards the establishment of export-oriented industries, most particularly joint ventures with the vigorous local private sector so as to meet its target of full employment by 1980. Encouragement will be given to export manufacturing involving more advanced technologies.

Enquiries about industrial investment should be addressed to:
Secretary for Industrial Development Ministry of Commerce and Industry
Anglo-Mauritius House Port-Louis—Mauritius Telex: MAURITIUS IW 249.

[illegible]

HALL & PICKLES
SHEFFIELD
STEEL WIRE
TOOLS

BELL'S
SCOTCH WHISKY
Have you got

THE LEX COLUMN

Spydar
profit to
be repaid

BY MARGARET REID

MR. JIM SLATER, former chairman of Slater Walker Securities, and five others are ultimately to repay a total of \$1.9m (£100m) profit made through Spydar Securities, a private Hong Kong investment company under which a controversial employee incentive scheme was run.

This has been arranged in connection with an "amicable" agreement yesterday under which SWS is to accept \$20m (£1.1m) in settlement of its disputed \$22m (£13.5m) loan claim against its one-time associate, the Singapore-based Haw Par Brothers International.

The loan agreement avoids further legal battle between SWS and Haw Par over both the loan and a £10m deal in 1973 by which SWS sold to Haw Par, in which it then had a large stake, its major holding in Slater Walker Securities (Hong Kong).

The technology has already been given to the Americans and the Germans in the hope that they will use it in the battle tanks they are developing for the 1980s. (The two countries are due to hold a competition to decide on a single project later this year).

Ironically, however, the new armour will not be immediately available to British forces. The possibility had been considered of fitting it to the existing Chieftain force, but the cost would have been £100m, and it had been reluctantly decided that this could not be justified in present financial circumstances.

Neither Mr. Mason nor Mr. David Cardwell, the Chief of Land Forces in Central Europe in particular, there is no firm evidence that the Russians have developed anything like it.

Of the balance of payments effects, he said the Shah had agreed that he could now give some details of the Iranian Chieftain order. Following an earlier order for 600 conventional Chieftains, a new contract was signed 18 months ago for the supply of over 1,200 improved versions.

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For some years now it has been working out a collaborative venture to this end with West Germany and it is assumed that it will now have the Chieftain armour. The Anglo-German project is quite separate from the German-U.S. competition which is for a tank to go into service much earlier.

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Latest U.K. tank armour
could shift power balance

BY MALCOLM RUTHERFORD

BRITAIN HAS made a major breakthrough in tank armour which Mr. Roy Mason, the Defence Secretary, said yesterday will have a significant effect on the balance of payments and could ultimately change the balance of power of ground forces in Central Europe.

Mr. Mason told a Press conference that the new armour—known as Chobham Armour after the Military Vehicles and Engineering Establishment at Chobham where it was developed—represents "the most significant achievement in tank design and protection since the Second World War."

He also disclosed that the armour was being fitted to the 1,200 or so Chieftain tanks ordered by Iran—an order which he said was worth more than £500m. The result will be that for the time at least, the British will have the most advanced tank army in the world.

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Agreement

It follows years of, at times, bitter controversy in Singapore over the rise and fall of the Far East empire of SWS, which was headed until last October by Mr. Slater, and has been blessed by the Singapore authorities.

The loan settlement, reached in London between Sir James Goldsmith, SWS' present chairman, and Mr. Michael Fam, who now heads Haw Par, resolves one of the major uncertainties over the position of SWS, whose insurance company is also likely to be sold shortly.

These moves should open the way next month for publication of SWS' 1975 accounts, with necessary loss provisions, for the disclosure of the lengthy accountants' report on the group and the definition of its future role.

Under the loan agreement, by which SWS will get \$20m, plus accrued interest of some \$11m, on June 30, the group accepts a discount of \$5m, on its claim.

This discount includes \$3m, for claims by Haw Par including a claim for profits made by Mr. Slater and five other former executives of SWS or Haw Par under the "disputed employee incentive arrangements" through Spydar.

Mr. Slater and the other five are to reimburse SWS in five years' time the \$19m profit they made. Meanwhile, SWS has shouldered the burden of conveying this sum to Haw Par under the agreement.

Mr. Slater and the five other former shareholders of Spydar have signed bills of exchange in SWS favour to cover their debt to it. Sir James Goldsmith said yesterday that the group thus had a legally documented claim, which would be enforced.

The other shareholders of Spydar who share with Mr. Slater in the profit included Mr. Dick Tarling, formerly chairman of Haw Par, and Mr. Donald Ogilvy Watson, until last summer, Haw Par's managing director.

The others, who had stakes half the size of these three, were Mr. Ian Tamblyn, formerly Haw Par's deputy managing director, Mr. K. A. Johnson-Hill, and Mr. Patrick Goodbody.

£5.3bn. credits
still unused

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BRITAIN has not yet made any drawings on the \$5.3bn. central bank standby credits arranged ten days ago, Mr. Denis Healey, the Chancellor of the Exchequer, told Parliament yesterday.

Replying to Conservative questions in the Commons, Mr. Healey repeated his belief that the pound was undervalued but added, significantly, that he would not be unhappy if sterling remained depressed for a few months more.

Mr. Healey yesterday gave a favourable response to demands from some trade union leaders for a return to free collective bargaining when the recently adopted pay policy runs out next summer. But militant miners' leader Mr. Mick McGahey predicted that the policy would be in "tatters" before then.

Parliament Page 20, Labour News Page 8

months more if the rate stabilised at a level likely to be held for the next 12 months.

Mr. Healey's remarks provide the clearest guide so far to official policy about the foreign exchange market during the period of the standby credits.

The authorities do not intend to push the rate up to a level where they would regard it as fairly valued but are much more concerned at present with trying

to encourage a stable two-way market. They are evidently relieved that after the sharp recovery early last week the pound has settled down between \$1.7 and \$1.75.

Although the authorities would undoubtedly be disturbed if sterling fell back to the levels of the first few days of the month, they seem to be reasonably content with the trading range of the last week—not least because of the competitive boost to exports.

The foreign exchange market has been worried about the possibility of reductions in the level of official sterling balances, but apparently there have been no substantial changes recently in the main traditional holdings with the exception of a decline in the Nigerian balances in London.

Mr. Healey's statement that none of the standby credits has been used in the last ten days does not mean that there has been no support. Indeed, dealers believe that the authorities were quite active last week in the market with the cost coming from the reserves.

The standby credits are intended solely to counteract "erratic and irrational" market movements. The judgment on when to draw on the standby credits is obviously difficult since there is no limit to how far the authorities can intervene without depleting the reserves too far.

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London Brick
not a monopoly

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

LONDON BRICK'S monopoly position in the supply of building bricks does not operate against the public interest, according to a report published yesterday by the Monopolies Commission.

The report, which follows two previous inquiries into the brick industry by the former Prices and Incomes Board, has only one criticism of the way in which LBC operates and approves of its conduct in respect of all the major areas examined, such as investment, profitability, economies of scale and marketing.

London Brick now supplies over 40 per cent. of the total market for bricks in the U.K. and is the only manufacturer in the British brick sector. The Commission does not believe that LBC has the power to charge excessive prices and make excessive profits and, if policies on these points were to change, there could be a case for a further monopoly reference.

London Brick's system of transport charges is not, in itself, criticised by the Commission. It says the scheme whereby customers operating relatively close to LBC works are overcharged while those further away are undercharged may be expected to encourage the public interest because it represents a fair competition. It could lead to an inefficient use of national resources. One member of the

Commission did not, however, agree.

The remaining members of the Commission recommend that the company should change the system of transport charges to reflect the actual cost of delivery to customers and Mrs. Shirley Williams, Secretary for Prices and Consumer Protection, has asked the Director General of Fair Trading to discuss a change in the system with LBC.

According to the report, which was last night welcomed by the company and the Brick Development Association, "no other things were found to be done as a result of the monopoly which operate or may be expected to operate, against the public interest."

On the industry in general, the report suggests that the Government and the brick producers should consider setting up a brick bank in times of recession, a move designed to reduce the adverse effects of fluctuation in demand. The Department of the Environment said last night that talks on the subject were already under way.

Mr. Jeremy Rowe, London Brick's deputy chairman, said last night that the commission had given his company "a clean bill of health" on all major aspects of its operations.

Report on the Supply of Building Bricks by the Monopolies and Mergers Commission; SO, £1.35.

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